Daily Report

Latin America

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Andean Group Postpones Presidential Summit

PA0605185694 Mexico City NOTIMEX in Spanish 1939 GMT 5 May 94

[Text] Quito, 5 May (NOTIMEX)—An Andean Group presidential meeting scheduled for late May in the Ecuadoran city of Cuenca has been postponed until next year, official sources reported today.

Jose Vicente Maldonado, the Ecuadoran minister of industry, commerce, and integration, said that the foreign ministers of the Andean Group (Colombia, Bolivia, Ecuador, Peru, and Venezuela), will study a new date for the summit. Maldonado ruled out that possible differences among group members, especially on trade issues, were the reason for postponing the presidential meeting.

Meanwhile, Foreign Minister Diego Paredes confirmed the suspension of the Cuenca summit and added that it will take place in "the first half of 1995." He said that the Andean Group presidents are interested in directly promoting subregional integration, but the meeting in Cuenca was postponed due to various commitments they have in the coming weeks.

The presidential meeting in Cuenca, third most important city in Ecuador, would have been held on 26 May, on occasion of the 25th anniversary of the signing of the Cartagena Agreement that gave birth to the Andean Group.

Paraguay To Coordinate Drug Enforcement in Southern Cone

PY0905144794 Asuncion ABC COLOR in Spanish 7 May 94 p 72

[Text] The Paraguayan Government—through the National Antidrug Secretariat (Senad)—is coordinating drug enforcement in the Southern Cone. This was announced on 6 May by Brigadier General Ramon Rosa Rodriguez (retired), the Senad executive secretary. He highlighted the key aspects that Argentina, Brazil, Uruguay, Chile, Bolivia, and our country will consider in fight against trafficking.

Rodriguez said: "The first measure we took was to open a channel of international communications in the Southern Cone. We have thus adopted a positive line of action to internationalize the struggle against trafficking."

He expounded the plan of action followed by Southern Cone countries as of the 12th International Conference on Drug Control held in Quito, Ecuador.

On that occasion, Rodriguez was elected drug enforcement coordinator for the Southern Cone.

"We will take positive lines of action. We attended a meeting sponsored by the OAS in Mar del Plata [Argentina] three months ago and, in my view, the presentations by the different representatives were lacking in strength," he said.

"It all ended in expressions of goodwill, brotherhood, and the like. Now, through the communications channel, we have established an action mechanism. Any Southern Cone country will now have recourse to another by fax, telephone, or other mechanism at hand to ask for help or to exchange information," he explained.

The plan's second point deals with the furthering of the regionalization process by member countries. Rodriguez noted that "Southern Cone countries have pledged to participate in joint operations at least once a year."

"This does not mean that we will work in other countries. Each country will pursue an established and coordinated task according to its possibilities," he said.

Rodriguez added: "We are interested in two things: Marijuana, our number one problem, and cocaine, which we must combat on account of an international commitment. We can now receive direct aid—without much red tape—through the communications channel. This means that aid must be granted to any country in the region that requests it."

Another subject Rodriguez broached pertains to the legal framework, which in his view, partly favors drug enforcement and partly does not.

"This is quite a broad subject. The seizure of 2 kg of cocaine from some Japanese citizens, who offered police personnel a $10,000 bribe and were released by a judge from the Caaguazu area after a week in jail, is just one example," he noted.

Colombian Official Views Regional Economic Goals

PA0605185194 Santa Fe de Bogota EL TIEMPO in Spanish 28 Apr 94 pp 1B, 2B

[Report by Clara Ines Rueda G.]

[Text] The traditional disagreement between neoliberals and ECLA [Economic Commission for Latin America and the Caribbean] members has become a thing of the past. ECLA, which also promoted protectionism and questioned economic opening, is now speaking the language of deregulation that all Latin American countries now use.

Foreign Trade Minister Juan Manuel Santos said this during the closing of ECLA's 25th period of sessions in Cartagena. According to Santos, "today ECLA regains its relevance by tuning into contemporary trends and tackling issues that are part of the economic and political agenda in each and everyone of our countries."

In the official's opinion, ECLA thus regained its influence over Latin America during the Cartagena meeting. "In grasping the urgency of incorporating our countries into major contemporary trends of commerce and heading with renewed energy into the struggle against poverty, ECLA is again feeling the heartbeat of major Latin American issues," he said.

In his opinion, the new ECLA faces the challenge of establishing economic guidelines in order to avoid at all costs continuing conditions that could foster violent social confrontations. The minister indicated that there are three priority topics on the agenda of all the Latin American and Caribbean countries: begin integration and productive modernization, and forge links between all social topics and policies.

He thinks that the region now faces the challenge of emerging from a dangerous dilemma: it cannot compete with high production in terms of its labor force (like China, India, and Pakistan), neither can it compete in terms of the sophistication of its products, since it lacks design and high tech capabilities.

"If we do not overcome this dilemma, we will continue to lose importance in the world market," Santos noted in disclosing that Latin America's participation in total worldwide exports has gone from 7.7 percent in 1960 to 5.5 percent in 1985 and 3.7 percent in 1992. This is a matter of raising the countries' productivity by incorporating the most advanced processes and systems. Once greater value-added status is achieved, the economy becomes less vulnerable to the fluctuations of international markets.

"We cannot choose a strategy of competing with low wages at the expense of the impoverishment of our peoples or at the expense of artificially stimulating an undervalued exchange rate, which ultimately constitutes another reflection of the same impoverishment," the foreign trade minister indicated.

Santos feels that to achieve modernization it is necessary to have policies within companies and through government action to create the adequate infrastructure, in addition to seeking greater efficiency in the financial market and making a big effort in education and training projects for the labor force. Area countries also have to strive to make multilateral agreements adjust to the idea of establishing a hemispheric free trade zone.

Santos reported that at the end of the incumbent government's term Colombia will have free trade agreements with 22 countries. He pointed to the open integration approach through which they have been reached, namely, allowing other countries to join.

"The Free Trade Agreement (TLC) can become a tool for regional integration," Santos indicated, referring to its characteristic as a broad agreement that includes topics other than commercial ones and that allows new countries to join. The big task of the area countries is to include social topics in the processes of economic opening and modernization.

"The challenge that emerges in this process of change is establishing this new relation with the rest of the world in order to become a true source for growth and well-being," Santos noted. The idea is for the benefits of the new economic model to be distributed equitably.

According to the foreign trade minister, "ECLA's overall approach, which establishes that it is impossible to separate economic and social policies, and its insistence on the importance of the concept of equity when discussing economic transformation, is precisely the kind of balance we want to reach in Colombia."

Cuba

Castro En Route to Mandela Inauguration

FL0905122594 Havana Radio Progreso Network in Spanish 1100 GMT 9 May 94

[Text] Last night, Commander in Chief Fidel Castro made a technical stopover in Accra, Ghana, on his way to South Africa, where he will attend the inauguration of Nelson Mandela as that nation's first black president. Despite the briefness of the visit, Ghanaian President Jerry Rawlings declared Castro's stopover an official visit.

In remarks made in Barbados, where he participated in the first Global Conference on Sustainable Development of Small Island States, Castro said that in keeping with our revolutionary convictions, we feel solidarity with all African nations. He added that Mandela is the leader with the necessary talent and wisdom required right now in South Africa.

During his last day in Barbados, Castro was moved and saddened upon throwing a wreath into the Caribbean off the coast where, 18 years ago, a Cuban commercial plane sank, sabotaged by individuals paid by the U.S. CIA.

Meets With Rawlings in Ghana

FL0905150994 Havana Radio Rebelde Network in Spanish 0900 GMT 9 May 94

[Report by special correspondent Gisela Bel Heredia via telephone from Accra, Ghana—live]

[Excerpt] Good morning from Accra, Ghana, to all our listeners. I want to tell you that Commander in Chief Fidel Castro will be leaving for South Africa this morning to participate in the inauguration of President-elect Nelson Mandela tomorrow.

Fidel Castro arrived in Accra at 2230 and was welcomed by his friend Jerry Rawlings who gave him a hearty, friendly embrace at the foot of the stairs as Castro deplaned at the international airport. Castro and Rawlings then left for Rawlings' guest house and had a long talk there, during which they discussed bilateral and international matters, as well as Cuba's current situation. I believe that because of the two presidents' admiration for the South African cause and for President-elect Mandela, South Africa is also a main point of their conversation.

Relations between Cuba and Ghana have been very close over the past few years, especially since Jerry Rawlings' has been in office. Rawlings has visited Cuba twice: in 1979 to attend the sixth summit of the nonaligned countries and again in 1989, when he carried out a broad program of activities that included participating in the 26 July celebrations in Cienfuegos Province.

The two countries have also adopted, at different international forums, common positions on just causes, when firmness and willingness were indispensable, for facing up to great enemy pressures.

Here in Ghana, Cuban cooperation has been noted in the spheres of health and education, among others, which strengthens our relations and spirit of cooperation. Also, dozens of young Ghanaians are studying in Cuba.

Presidential delegation members Roberto Robaina, Ricardo Alarcon de Quesada, and Rosa Elena Simeon met with Cuban personnel here and learned about their work in Ghana. Also, the delegation members reported on the main activities taking place in our country.

We are now ready to leave for Pretoria, South Africa, where the Cuban delegation is to participate in Nelson Mandela's inauguration. Many officials here in Ghana said Fidel could not be absent from such a significant event in South Africa. The Cuban ambassador to Ghana told us this, and that the presence of the Commander in Chief in South Africa is greatly appreciated. [passage omitted]

Arrives in South Africa

FL0905181094 Havana Radio Rebelde Network in Spanish 1700 GMT 9 May 94

[Excerpt] [passage omitted] One of the first prominent figures to arrive in Johannesburg today, 9 May, was Cuban President Fidel Castro. Mario Soares of Portugal, Martti Ahtisaari of Finland, Mary Robinson of Ireland, and Pakistani Prime Minister Benazir Bhutto have also arrived. [passage omitted]

Desire for Relations Reiterated

FL0905132894 Havana Radio Rebelde Network in Spanish 1155 GMT 9 May 94

[Text] Cuba has already expressed its willingness to establish diplomatic relations with South Africa following the assumption of power by [President-elect] Nelson Mandela whose party, the African National Congress, controls most of the seats in Parliament. Mandela will be inaugurated on 10 May.

Present at the inauguration ceremony will be President Fidel Castro, who is now making a technical stopover in Ghana on his way to Pretoria.

Message to Mandela Advocates Ties

FL1005015694 Havana Cuba Vision Network in Spanish 0000 GMT 10 May 94

[Text] On 9 May, it was made known that Fidel Castro wrote a message to Mandela. The text of the message highlights the happiness of the Cuban people with the creation of a democratic, multiracial government headed by an antiapartheid leader. Castro expressed Cuba's willingness to establish diplomatic relations, as well as to assist and support the Government of South Africa during this new phase.

Castro Jokes About Health in Barbados

PA0905151794 Madrid EFE in Spanish 0203 GMT 8 May 94

[Text] Havana, 8 May (EFE)—Cuban President Fidel Castro said during an interview with a Barbados television station: "I get a kick out of all those rumors about my health; they are constantly killing me." The interview was broadcast in its entirety today by Cuban television.

Jokingly, Castro remarked: "The day I die, my enemies will miss me because they will not have anyone to struggle against, while my friends will not believe I have died because there have been so many false reports of my death before."

Fidel Castro, responding to a rumor 15 days ago that said he was ill, asserted that his attendance at the conference in Barbados on the sustained development of small island states "is the best demonstration of my good health."

"If one has the capacity to listen to 100 speeches, it is because one is in good health because if something can kill you it is 100 speeches," the Cuban leader commented in the same humorous tone.

In addition, Fidel Castro ruled out, for the time being, his retirement, "because in difficult times my retirement could appear to be a desertion and I am not a deserter." Castro noted, "While the people demand I fulfill specific responsibilities, regardless of my wishes, I will have to do so, and if I have to do this until my last day, I will do it. I have the right as anyone else to do as I please with my life. I would like to have the right to retire, but one does not retire when one wishes."

Interviewed in Barbados

FL1005012994 Havana Cuba Vision Network in Spanish 0030 GMT 9 May 94

[Interview with Commander in Chief Fidel Castro by Caribbean Broadcasting Union reporter Sharon Marshall in Barbados, date not given; Marshall in English with simultaneous translation into Spanish; Castro in Spanish with simultaneous translation into English—recorded]

[Text] [Marshall] Comandante, your presence here in Barbados is an indication of the importance you attach to the UN Global Conference. Now that it is over, how would you evaluate its success?

[Castro] I believe this conference is but the continuation of the Rio de Janeiro conference. The Rio conference was extremely important because it helped build an awareness about environmental issues. Politicians are not usually very well informed about these issues. I think that for the first time in Rio, politicians faced up to the tragedy that degradation of the environment means to the world. I would say they were in the process of learning at that time, but at this conference, I would say there was a greater awareness among the politicians as well as a greater awareness among the industrial nations, more than in Rio, and in a rather short period of time.

Of course, the politicians from the small island states were more aware than anyone else at the Rio conference. I remember we had acted as contact between members of our delegation and representatives of those small islands. They were truly anguished over the future prospects for their islands because of climatic changes, warming of the atmosphere, the frequency of hurricanes, and drought. All these are real phenomena that we are witnessing, and they constitute a question of natural life or death for these nations. I was able to perceive in Rio that they needed something, they needed to strive to obtain some hope.

Because they are isolated, these countries also have many economic problems. They are small countries, although they have large areas of sea. Communications are very difficult. It takes over 20 hours to travel from Samoa, near New Zealand; or from here to Barbados. It takes over 20 hours of flight. Maritime communications are very complicated. They do not have communication—practically none. If a natural phenomenon occurs, it is a national disaster. It is not like a hurricane hitting Florida. A strong hurricane can hit Florida, but the rest of the country is enormous. It does not ruin the country. But to a small Caribbean island, a hurricane can mean ruin.

To this, we can add the fact that since that hurricane that I said hit Florida, insurance policies have been going up to 500 percent. A very adverse combination of factors have been affecting these small island states. Moreover, their waters are being polluted. They are polluted by petroleum residues spread by tankers, and by solid and nuclear wastes. If the Third World has a tragedy, the tragedy of these small island states is three times greater. This was reflected in the conference. Each and every one of them raised its own problems with great seriousness. It was really dramatic in some cases the way they described their problems, such as with St. Kitts and Nevis, the Marshall Islands, and other islands. They said that if the sea level rises only three meters, the islands will disappear. They addressed the conference with great sincerity and great passion. I think they reflected the hope that the world will take care of them. I think this conference was very successful, both the Barbados Declaration and the action plan. There was a very strong appeal, and I observed among the industrialized nations a greater awareness, a growing awareness, more than I could perceive in Rio. I could perceive some changes in the positions of the United States, positions they did not hold in Rio. In general, the donor countries have demonstrated more understanding. For this reason, I believe a step forward has been taken, and this conference will be of great benefit to the small islands.

[Marshall] But a great deal has been said about the fact that the industrialized nations, the donor countries, were not highly represented. How optimistic are you that small countries will get the kind of financial assistance they need to improve their situation?

[Castro] To the extent that we work, to the extent that we denounce all these problems, to the extent that we act upon these issues in international forums, and to the extent that we try to bring public opinion over to our side, we shall get more help.

The industrialized countries, as a rule, have not been very generous. The famous percentage of gross product they were to contribute to development has never been met. There are a few of those countries that take more generous positions, countries that have provided up to 1 percent of their Gross Domestic Product for assistance, but the richest and the more powerful ones have not.

We must continue striving with the United States and hammering on these issues, especially concerning pollution in general, and environmental problems because these are not just imaginary threats. These are real threats. Our own generation is already witnessing how the environment is changing, how the waters are warming up, how hurricanes are more intense, droughts more intensive. We are all witnessing this. Scientists have mathematically proven that this is a reality. But there is selfishness.

I would like to say something else, if I may. I would say that selfishness is intrinsic to the system, to the system that is prevailing in the world today, known by the name of capitalism. I hope to be forgiven for using this word. This is an time of euphoria, but those immensely rich countries are doomed to grow. If they do not grow, they fail, they cannot survive. But if they grow, they deplete the natural resources of the world, and those countries that are just now beginning to grow are posing a greater problem because they are not increasing the number of jobs.

Many of those countries need to grow at a rate of 4 percent annually in order to create one job. That is why I consider it a system with no future. How can the matter of sustainable development be explained if the underdeveloped nations need to grow, have the right to grow, while the overindustrialized countries do not need more wealth than they already have. What they need is to redistribute what they have. We need to defend the concept of redistribution of wealth in the world because when you think of it, Bangladesh has over 120 million inhabitants, and in 20 more years, will have 200 million. It is one of the most densely populated countries in the world, and with very low land. What will happen to Bangladesh if the sea level rises? But there are small nations like Switzerland—I have nothing against Switzerland. It is a country with very positive attributes, but it has a gross per capita income of $34,000, while Bangladesh has approximately $210. Switzerland has a gross per capita income 200 times that of Bangladesh.

Why do such wealthy countries need to continue growing? Why must the philosophy be one of continuous growth rather than better distribution? Why not distribute the wealth of the world in a better way, since the world is one big family? Why do they not distribute it among the countries that need to develop? They cannot continue with this insane race toward development because in addition to depleting the natural resources of the world, they will also deplete the resources of mankind. Cooperation is needed more than ever, and that is something that should be said. In the few minutes that I used for my address, I mentioned that problem because the differences between rich and poor are increasing. For 40 years, we have heard talk about narrowing the gap, but that gap has grown; it has widened.

It was believed that with the end of the Cold War, the arms race would disappear. But the arms race goes on. The great powers continue producing sophisticated weapons, and the weapons trade continues to grow. The United States has become the major weapons exporter in the world. Everyone is manufacturing and selling weapons. So wars occur, and the United Nations has to go play the role of international policeman and put out the fire. Is it not absurd that on the one hand, the United Nations is playing the role of world policeman, while on the other hand, the weapons trade continues to grow? How can this absurdity be explained?

These are very serious problems on which we must work because it is not one single problem. There was no mention of education in the world, about famine in the world, about the millions of children who are dying every year from curable diseases.

Nevertheless, I can assure you that the assembly was very successful; it was a very fruitful conference, and Barbados certainly played a brilliant role in the organization and development of the conference. Barbados deserves the success it has experienced at this conference.

[Marshall] Your presence here in Barbados is seen as an indication of the importance that Cuba attaches to closer relations with the rest of the Caribbean. What hopes do you harbor for the Association of Caribbean States?

[Castro] My presence here is due to several factors. First, we had contact with the small island states. I realized how anguished they are. They were able to hold an international conference to broach these issues. We are also an island nation, vulnerable to a significant portion of the problems threatening all of us.

Then, the prime minister extended an invitation to me, so I felt it was my duty to attend this conference. That is why I came. I am interested in ties with the Caribbean. It is logical, natural. We appreciate that the Caribbean countries were the first to breach the blockade against Cuba. These were Guyana, Jamaica, Trinidad and Tobago, and Barbados. I cannot forget that these were the first four countries to challenge U.S. pressures and reestablish ties with Cuba. I admire the spirit of independence shown by Caribbean countries, I admire their efforts towards integration. I like these countries with which we share blood and solid historic ties. This is why I felt it was my duty to modestly contribute to the conference.

Regarding the Caribbean states, we have a need to come together. We are stronger if we unite. Divided into

dozens of small nations, we will not be able to have an influence in the world. Through cooperation, integration, we will be able to play a role in the world, to the benefit of our countries.

[Marshall] Some people argue that Cuba has only turned to the Caribbean because of the fall of the Soviet Union. How would you respond to those charges?

[Castro] Go figure. After all these things we have been talking about. Relations were reestablished with the Caribbean 15 years before the collapse of the Soviet Union. We established very close ties with Jamaica when Michael Manley became the prime minister of Jamaica. We had relations with Guyana since Cheddi Jagan, before Forbes Burnham. First there was Cheddi Jagan. Then with Burnham, ties developed a great deal more. We have had relations with Grenada. We have ties of one kind or another with almost every country and have always cooperated whenever we could. When they breached the blockade, they established ties with Cuba, many years before the collapse of the Soviet Union. I have visited several of these nations a long time ago—Jamaica, for instance.

Once, I came to Barbados. We were en route to a Nonaligned Countries meeting in 1973, 21 years ago. A group of Caribbean leaders also traveled on the same plane that has brought us from Cuba: Burnham, Barrow, and several other leaders. I believe Bishop was also among them. It was a time when no one would have dared dream of the collapse of the Soviet Union.

So here we are. We have worked with the Caribbean for many years. Besides, the Caribbean could not replace the socialist bloc, nor our economic relations with the USSR. We are small countries. Our ties are historic, cultural, moral; not commercial or of an economic nature. Of course, the economy and commerce can profit from our relations. A statement of that kind is unsubstantiated, however.

We also established ties with Africa a long time ago and participated actively in Africa's struggles against colonialism and neocolonialism. We also fought and cooperated to the maximum for the independence of Namibia. We cooperated in the struggle against apartheid. Cuban blood was being shed for a long time in Africa. We have very strong ties of brotherhood, and they are much farther away than the Caribbean. At that time, the USSR and other countries existed. Our relationship ties with the African nations existed, however. We have ties with Vietnam, the PRC, the Middle East, Arab nations, with India, and many others.

Given that the United States has always tried to isolate us, we have expanded our ties with the rest of the world. Our doctors, engineers, and workers have served in dozens of Third World countries. We were president of the Nonaligned Countries movement in 1979, a long time before the disappearance of the USSR. No one developed ties with the Third World more than we did. No one has fought for the interests of the Third World at the United Nations more than we. No one denounced unequal trade, foreign debts, nor the injustices against the Third World as we did at every turn. This was the role of Cuba since the triumph of the Revolution. We feel truly proud and pleased at having discharged that role that no one can deny.

[Marshall] You mentioned Morris Bishop. What do you think of Bishop and what he was trying to accomplish in Grenada?

[Castro] I loved Bishop as a brother. His death and disappearance pained and pains me. Bishop was an extraordinary man. He was a very honest, noble person. He wanted to do the best for his country. We did everything we could to cooperate with him. Since it is a small country, we could cooperate. I am speaking of Bishop, the person. He had the backing of an organization, a party. They divided and we have always condemned the attitude assumed by Bishop's adversaries within the party. I do not want to overstate my criticism because these are people who are in jail, and a basic sense of chivalry forces me to be cautious with my words. We strongly condemned however, with the utmost irritation, the death, the assassination of Bishop. I keep and shall always keep a great memory of him as an exceptional, extraordinary man. I should not be the judge of his mistakes because we all make mistakes, but I can assure you that Bishop tried to do the best he could for his country. That is my opinion.

[Marshall] April 27 was a great day in South Africa. Some people would argue that without Cuba's intervention in the liberation struggles in southern Africa, that day would not have been possible. Are you proud of the role Cuba has played in Africa's liberation struggles?

[Castro] That is a delicate subject. We should not be the ones speaking about this. We felt, out of our own conviction, as a matter of doctrine and revolutionary passion, a great solidarity with the whole of Africa and a deep hatred for the slavery and historic crimes committed against Africa. All of our nations experienced this. Out of a spirit of solidarity, we fought and worked for Africa. We gave then all the help our small country could provide. We did not have much money, but many patriots.

When South Africa invaded Angola, we did not hesitate to send our troops to fight against the racist South African invaders. This took place in 1975, almost 20 years ago. Cuba, over 10,000 km away, sent troops. It was the only country to do this when the South Africans were advancing on Angola. The Angolan people had just attained their independence and were weak. They fought courageously. We fought together, Cubans and Angolans. We managed to halt the advance of the South Africans and later push them back to the Namibian border.

Of course, later on, we began to withdraw, and South Africa, with the support of the West, organized counterrevolutionary guerrillas and subversive plots. When it felt at its most powerful and when the Cuban presence was smaller, it expanded its attacks on Angola. We spent

15 years in Angola. I believe it is great proof of our loyalty to the Angolan people.

That was the reason for our differences with South Africa—our support for Angola. In 1975, we were able to reestablish the borders. Years later, as a result of South Africa's actions, the situation became complicated once more. This forced us to reinforce Angola. More recently however, in around 1987, the South Africans launched one of their largest attacks, using planes, tanks, and modern artillery. A very difficult situation was created. We had two choices—to withdraw or to reinforce our presence. What we did was to play all our cards. We reinforced our troops, and then the Cuito Cuanavale battle. Angolans and Cubans waged a very difficult battle. In that area, we had few communications options. We wanted to halt the South Africans there however.

What happened in Cuito Cuanavale? Cuito Cuanavale is to the east. The communications are very poor there. We did not want to wage the decisive battle there, but to resist and keep Cuito Cuanavale between us and the Angolans. The Angolans are excellent soldiers, outstanding battle comrades. There, we managed to halt the South African offensive. Then we organized a thrust to the west, where we had better communications. From Cuba, we sent every supply required to master the situation.

Think about it. Angola is farther from Cuba than Moscow is. The flight between Havana and Moscow takes 14 hours. From Havana to Luanda, it takes almost 16 hours. Do you know how many men we sent? Over 50,000 troops, a small country like Cuba. This does not demonstrate our military might, but our moral force, our spiritual power. In that struggle, Cuba played all its cards. We advanced to the west and got closer to the Namibian border. The situation of the war changed. We did not want the war to be decided, however, by a large battle at an elevated cost in human lives on both sides. The appropriate conditions were created for negotiations. We supported the negotiations. Diverse countries also supported the negotiations, the South Africans were willing to negotiate, and that is how the implementation of Resolution 435, the independence of Namibia, was achieved.

Logically, all those political and military events also had a bearing on South Africa. I believe, in answering your question, that the efforts made helped maintain Angola's independence, accelerated Namibia's independence, and also accelerated the process of the disappearance of apartheid. It helped. It accelerated the process. Anyhow, sooner or later, Namibia would have been independent; sooner or later, apartheid would have disappeared because apartheid was unbearable in today's world. The South African people, like the Namibian, fought long and hard, made many sacrifices, and met their goals.

I believe they had great leaders. They are a great people, a very courageous, militant, strong, intelligent, resourceful people. They have achieved this victory. We have to study the period following the war, and the time of the elections, the extraordinary role played by Mandela—his leadership, and wisdom. He was capable of uniting, overcoming every obstacle, remaining firm while resilient, to attain this political miracle in which everyone participated, the elections, in which such a resounding victory was attained.

This was, first of all, a great victory for the South African people, a great victory for Africa, the world, and the liberal movement. I believe that now, we all have to contribute to upholding harmony and peace. We all have to work and struggle so that the emerging multiracial state is successful and prospers, so that everyone finds safety, and South Africa embarks on the long road towards development, a road on which it could get very far.

South Africa has great natural resources. It is a very wealthy nation; yet there is much poverty among most of the population. I believe South Africa is destined to play a decisive role in Africa. I am convinced they chose the right man for that job, a man with talent, wisdom, and patience. I am a great admirer of Mandela. Next to everything they did, Cuba's modest contribution is nothing but a grain of sand in that 27 April victory.

[Marshall] I would like to turn to your relations with the United States. What conditions are necessary, in your opinion, for improvement of that situation?

[Castro] If we are going to talk seriously, first of all, for the blockade to end. It is an unfair, harsh, cruel blockade, which includes medicines, and foodstuffs. It has been imposed on Cuba for 35 years. It is one of the longest blockades in history, and the most unjustified of all.

Second, the United States must resign itself to the fact that Cuba is an independent, sovereign country.

Third, respect for our people's right to choose the political, social, and economic systems they believe most fair. These are the three essential factors. We do not have anything against the United States. We have not blockaded the United States. We do not want to change the U.S. social system. We do not seek to establish socialism in the United States. In any case, that would be as complicated as establishing capitalism in Russia. They must be similar things, given the characteristics of each of those two countries. We are therefore not trying to rule the United States nor diminish its independence one iota. It is not that we have a problem with the United States. It is a problem the United States has with us.

[Marshall] Cuba recently introduced some economic reforms, such as the legalization of foreign currency. What success do you believe that has had?

[Castro] Success does not come easy. There are very strong U.S. pressures. The U.S. blockade is international; it bans not only trade with Cuba, but pressures, with all its economic and political might, all countries that want to trade with Cuba. They try to sabotage and block every economic endeavor Cuba conducts abroad. Under those conditions, it is always much harder to introduce certain changes and initiatives. Despite all

that however, we are getting along and there is a growing number of people in the world who dare to challenge the influence of the United States. We could move much faster without the blockade.

There have been dramatic changes in the world. We do not want to relinquish our ideals, do not want to abandon our political system. We wish to preserve our Revolution, our independence, and the accomplishments of socialism even under the present difficult conditions. Sometime ago I used this example: You are aboard a ship and the ship breaks apart and sinks. That is what happened with the socialist bloc and the USSR. Thus, one has to adopt measures, find a lifeboat, find an inner tube or a piece of wood, to try to make it ashore. That is what we are doing. When the socialist bloc and the USSR vessel sunk....[pauses] The entire ship, however, did not sink. The PRC is still a very powerful vessel; Vietnam is a very strong vessel; and other countries.

I give you this example because we are not planning to relinquish our ideals. We would rather drown. We prefer to perish in our struggle to make it to shore than to renounce our ideals. This is what we are doing. The USSR disappeared four years ago and Cuba is still standing, alone, confronting, like a little David, a colossal giant. There we are and there we are planning to remain. Dead or alive, we shall still be there. And if our generation is not be victorious, future generations will make it. I have absolute certainty, however, that our generation will be victorious.

[Marshall] Sometime ago you hinted that you might retire. How confident are you that the Cuban youth will choose a path you would approve of?

[Castro] I think you are refering to a question by Sawyer, an American journalist, who asked me if I was planning to run in the next election, and I told her that I wish I would not have to, I wish that that would not be necessary. I also said I was willing to negotiate everything but the Revolution and Cuba's independence. I said that. This was the context in which that issue arose. I belive that I have, like any other human being, the right to do with my life as I please. I have been a revolutionary to this day. I would like to have the right to retire whenever I wished. However, we do not retire when we want to, but when we are allowed to retire. In other words, we are in the government not for the pleasure of being in the government, but because it is imposed on us. If we were in normal times, everything would be easier. In difficult times, to retire would be tantamount to defecting, and I am not a defector, nor will I ever be one. As long as my comrades in the party and the government, as long as people demand that I discharge certain responsibilities, regardless of my personal wishes, I will have to fulfill what I am told to do. What I wish for already is something else. Government work is very hard, very difficult, very bitter, very tense. I do not believe many people want to voluntarily take up that job. That work must simply be undertaken as a duty. If they demand that I be there until my last day, I will do so. If at any time I am given the opportunity to regain my freedom, then I would not miss the chance to do so.

I want to stress that if I can tolerate my work, it is because I share it; it is very widely distributed. No man alone can do the things you need to do in a Revolution. Tens of thousands of people work, more or less in a coordinated fashion. A great part of our work is to coordinate and help to coordinate work. Not to do the work of others. Work in Cuba is shared. Many people do their parts. I also do my small share. In the world, there is a trend to believe that there are providential individuals who can do everything themselves. Individuals, however, can do very little as a person. I truly believe that my contribution is modest, and one could say, my work in Cuba is basically symbolic.

I try to fulfill my role as well as possible, however. Recently, as you know, they began to spread rumors abouth my health. They have me dead every so often. I do not know who the people are who are wishing for my death so intensely. I am convinced that the day I am dead, my enemies are going to miss me. Do you understand? They are going to find themselves with nothing to do. My friends, however, are not going to believe I am dead because I have been killed so many times. Yesterday, at the conference, certain journalists from Miami kept asking about my health and my thoughts on what the local media said about my health. To tell the truth, the day before yesterday, I worked 14 hours. Yesterday, I worked another 14 hours.

I listened to every minute of every speech. If someone can listen to over 100 speeches, that is ample evidence of good health. If anything is able to kill someone, it is 100 speeches in a row. [chuckles] The conference has therefore been the best evidence of my good health.

I do not truly concern myself with that type of propaganda. It does not bother or stress me. Rather, I take it with a dose of humor and laugh at all those rumors. I already know that I will have two great advantages the day I die. What I told you: The sorrow of my enemies and the skepticism of my friends.

[Marshall] Many years ago, you made a famous speech in which you said: History will absolve me. At this distance, in the 35th year of the Revolution, do you think it has?

[Castro] History is very capricious. You should not believe that history is the best judge. I do not know if, on the final judgment day, justice will be met, but in this world, it does not work that way. What I meant to say was that the ideas I was defending were just, and that even under those very difficult conditions, in a prison, and being tried, I was sure that it would not be those judges, but history that would absolve me.

You are asking me a very personal question: What do I think? In general, what happens when people die is that they are forgotten. Only their closest relatives remember them. Time goes by. Many people, however, have lived worrying about history and glory. He who has read a

little something about world events knows that in the end, all the glory of the world—as Marti said—fits into a kernel of corn.

I do not think any glory lasts over 2,000 years except that of Christ, or Julius Caesar, or Charlemagne, or other personalities from antiquity. No history, however, has lasted over 5,000 years. No history has lasted over 10,000 years. No history will last 1 million years. No history will last 1 billion years. When the sun goes out, what history will be left? Why worry then about history? I do not worry much about history. I ask myself: What is my duty? What should I do? To be honest, in my opinion, that worth much more than anything else. To be modest is worth more than everything else. To enjoy the privilege of having been born to do good is the greatest glory anyone can enjoy. This is why I am not thinking, like others: what is going to be said about me? What has been said to date is enough for me. Some good things and many bad things. In the end, people will have to acknowledge that we were steadfast, defended our beliefs, our independence, wanted to do justice, and were rebellious.

David is remembered because he fought against Goliath. Cubans will be remembered, who are an even smaller David against a much larger Goliath; will have to be remembered at least as much as David is remembered.

If movies are made someplace other than Hollywood, or the United States, perhaps a few good movies will be made about the Cuban Revolution. [chuckles]

[Marshall, in Spanish] Commandante, thank you very much and good luck.

[Castro] Thank you.

Nigerian Ambassador on Conflict With Cameroon

FL0605231794 Havana Radio Reloj Network in Spanish 1930 GMT 6 May 94

[Text] Nigerian Ambassador to Havana Y. Alhassan stated today in Havana during a news conference that his government will maintain its peaceful policy, but will be firm against any attack from the Republic of Cameroon.

The Nigerian ambassador provided broad information on the border conflict between the two countries in the Bakassi peninsula zone which has always belonged to Nigeria, as confirmed by several treaties, although Cameroon is now expressing some designs on this territory.

The ambassador added that the strengthening of Nigerian forces, to maintain order in that region, has been misinterpreted by the neighboring country, which conducted three military attacks in February 1994. He added that Nigeria will never be the first to attack, but that its armed forces are prepared for anything.

Delegates to Chile Demand Truthful Media Coverage

FL0605235294 Havana Radio Reloj Network in Spanish 1930 GMT 6 May 94

[Text] The Cuban delegation to the Latin American seminar on communications media that is taking place in Chile has urged media from the continent to report truthfully on the Cuban situation.

The UPEC [Union of Cuban Journalists] members submitted a document to the participants, stating that the main cause of the distortion of our country's image is the result of miscommunication imposed from abroad.

Regarding that isolation policy, the document underscores violations in the issuance of visas to travel to the United States, which prevented Foreign Minister Roberto Robaina from attending a forum recently held by the CNN network in the City of Atlanta.

The document, submitted by UPEC vice president Jose dos Santos, includes an addendum of newspaper articles prepared by Cuban reporters from various media on freedom of expression and other subjects being discussed in the seminar in Chile.

ANAP President Announces Imminent Water Usage Fees

FL0705001594 Havana Radio Rebelde Network in Spanish 2300 6 May 94

[Text] A fee will be charged for the use of underground and surface water, through motors and other agricultural implements, by the cooperative and farming sector, as part of the measures to correct the national financial imbalance.

Orlando Lugo Fonte, president of the National Association of Small Farmers [ANAP], in a meeting with Villa Clara municipal ANAP representatives, clarified doubts and read part of the resolution issued by the Cuban Water Resources Institute. Lugo Fonte pointed out that the fee for the right to use the water will be determined case by case, and will be announced shortly in the monthly Farmer's Pride and Honor assemblies, which are redoubling their efforts against illegal sales of agricultural products.

Havana Water Distribution Affected By Repairs

FL0905215194 Havana Radio Reloj Network in Spanish 1954 GMT 9 May 94

[Text] The Havana City aqueduct has announced that from 9-13 May, the water supply in several Havana municipalities will be affected. Some zones of the San Miguel del Padron Municipality will be affected due to repair work on the supply wells in the [word indistinct] area. Other zones affected are: Reparto Veracruz, San Matias, Diezmero, Caballo Blanco, the higher part of La Rosita, Alturas de Luyano, and Las Delicias. The management of the Havana City aqueduct apologizes for any inconvenience.

Matanzas Electric Plant To Come On Line 7 May

FL0705021194 Havana Radio Rebelde Network in Spanish 2300 GMT 6 May 94

[Text] The Antonio Guiteras Electric Plant in Matanzas, currently undergoing maintenance, will come on line on 7 May before the peak hours of electrical demand. This information was reported by plant manager Jesus Valdez Torra.

Valdez Torra advised that since 5 May, maintenance has been conducted around the clock to conclude repairs to the boiler, the gas recirculation system, the generator, and other auxiliary equipment. The approximately 120 maintenance workers of the most efficient plant in the country are working hard to promptly conclude repairs following 124 days of continuous operation. To date, the plant has produced approximately 500,000 megawatt hours for the National Electric System. It easily fulfilled the first quarter's program and by December would have produced over 2.2 million megawatt hours.

Roundup of Economic Activity

FL0605153794

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 27 April and 6 May:

Cuba Vision Network at 2220 GMT on 27 April reports that workers from Camaguey, in preparation for the harvest, have repaired blades for cane combine-harvesters, thus saving more than 78,000 pesos. Innovators from Camaguey machine shops are overcoming limited resources to repair water pumps and other equipment in homage to all workers on 1 May.

Radio Rebelde at 2300 GMT on 27 April reports that the Camilo Cienfuegos cane cutters brigade, which has only 10 workers, has cut 1 million arrobas of sugarcane in the municipality of Calimete, Matanzas Province.

Tele Rebelde and Cuba Vision Networks at 0000 GMT on 28 April report that the Baracoa forest brigade, Guantanamo Province, has cut 1,200 cubic meters of costly hardwoods. This is not an easy task but the workers' willingness surmounts all other things, one of the workers said. The brigade will cut an additional 1,200 cubic meters by 1 May and intends to cut 5,000 cubic meters this year.

Radio Reloj at 1400 GMT on 28 April reports that the cultural magazine LA GAZETA DE CUBA is circulating again in an expanded 64 pages.

Cuba Vision Network at 2220 GMT on 28 April reports that the tomato harvest has "successfully" concluded in Pinar del Rio, particularly at Los Palacios Complex where 632,162 quintals have been harvested. This is approximately 20,000 quintals more than in 1993, although 150 fewer caballerias were planted. Over 70 percent of the province's tomato harvest was distributed locally and in Havana; the rest of the harvest was allocated for industrial use.

Radio Rebelde at 1700 GMT on 29 April reports that the 11 torula factories of the Sugar Industry Ministry have produced, to date, over 43,000 tons of animal feed, or 50 percent of the production goal of 1994.

Radio Rebelde at 2300 GMT on 29 April reports that Cuba's largest factory for producing plastic containers was inaugurated today. The plant is a joint enterprise established between the Spanish firm, (Guimar), and (Biofan). It will produce 60,000 containers daily with 49 models ranging from 50 milliliters to 30 liters, which will guarantee the containers needed for many exported products.

Radio Rebelde at 1700 GMT on 30 April reports that Cuba is reactivating cigar exports, its seventh main source of income, thanks to western credits, mainly from French and Spanish firms. The hope is to increase production next year and market Cuba's 36 name brands in Europe.

Radio Rebelde at 1700 GMT on 3 May reports that 5,897 caballerias of sugarcane were planted between January and April, meeting the goal despite the "tense" situation with the sugar harvest. Camaguey exceeded its goal by almost 300 caballerias, followed by Matanzas, Villa Clara, and Ciego de Avila.

Radio Rebelde at 0900 on 4 May reports that workers of the gas plant in Cardenas, Matanzas, have produced 2500 bottles of methane gas to replace the acetylene used in the steel industry.

Radio Rebelde at 1155 GMT on 4 May reports that milk production has improved in Ciego de Avila Province during the first quarter. Dairy farms produced 500,000 [unit not specified] more than in the same period of 1993. This production, while still low, reached a rate of 3.2 liters per cow by the end of March against last year's 2.6 liter per cow. Steps have been taken to begin the installation of minidairy farms in Basic Cooperative Production Units to provide better care for cattle during the current conditions of shortages in feed and other resources.

Radio Rebelde at 2300 GMT on 5 May reports that by the end of April Matanzas workers have extracted more than 270,000 tons of oil from the Varadero deposit. This production surpasses by 4 percent the established objective, which by the end of December contemplates production higher than 800,000 tons, with an additional 30,000-ton commitment to the commander in chief.

Radio Rebelde at 1700 GMT on 5 May reports that San Juan Municipality, Pinar del Rio Province, harvested 20,000 quintals more tobacco this year in comparison to the same period of 1993.

Cuba Vision Network at 0000 GMT on 6 May reports that Pinar del Rio Province showed a 40-percent

increase in weeding tasks. More than 250 caballerias are being prepared for the coming planting season.

Radio Rebelde at 0900 GMT on 6 May reports that during the first four months of the year, workers throughout Cuba weeded 62,000 caballerias, planted 5,900 caballerias, and maintained an intense effort in the current sugar harvest.

Radio Progreso at 1100 GMT on 6 May reports that Francisco Linares, minister of labor and social security, announced there are more than 151,130 licensed self-employed workers in Cuba. He stated a decree will soon to be issued regulating infringements by people of that sector.

Barbados

Castro Discusses Integration, Haitian Crisis

FL0905205794 Castries Caribvision Television in English 1945 GMT 9 May 94

[Text] The historic UN Global Conference on Sustainable Development of Small Island Developing States, SIDS, came to a close in Barbados at the weekend. The conference has received mixed reviews, with the majority of participants describing it as having achieved its objective. Among the persons giving the conference a plus is Cuban President Fidel Castro, who has described it as an important step forward. President Castro's comments came shortly before boarding his Cubana aircraft to return home. (David Hinckson) tells us more:

[Begin recording] [(Hinckson)] President Castro said he was feeling very pleased at having been able to get to know Barbados. He responded to the question of Cuban interests and mutual organizations. He repeated his wish for Cuban participation in the Association of Caribbean States.

[Castro in Spanish with passage-by-passage translation into English] At least we hope to be part of the Association of Caribbean States, and we will do everything that will help to integrate Cuba into the Caribbean Association so we are part of the [word indistinct] region. We have many common interests, so it would be very useful, I think, for everybody that Cuba integrates through all the [word indistinct].

[(Hinckson)] The Cuban leader also defended his opposition to military intervention as a solution to the Haitian crisis. This [word indistinct] course of action, he said, would affect the prestige of exiled leader Jean-Bertrand Aristide.

[Castro in Spanish with passage-by-passage translation into English] We would like Aristide to go back to the presidency of Haiti, following an absolutely fair situation, absolutely fair [repeats] elections. If that country were to be invaded in order to return Aristide to his position, Aristide's prestige would suffer a great deal because he would be [pauses] his stature as a politician would be very much diminished.

[Hinckson] Just before the Cuban leader boarded his plane, he [words indistinct] [end recording]

Haiti

Rival Legislative Factions Issue Separate Convocations

FL0905200294 Port-au-Prince Signal FM Radio in French 1030 GMT 9 May 94

[Excerpt] The seventh session of the legislature ends on 9 May, and it looks as if this session's final meeting will be stormy. National Assembly President Firmin Jean-Louis has convened the legislators for 9 May at the Haitian legislature to conclude the seventh legislative session but Bernard Sansaricq, who claims he is president of the National Assembly, has also convened the legislators. Here is a report on this situation by Leontes Dorzilme.

[Begin recording] [Dorzilme] The parliamentarians of the 45th legislature must meet in national assembly on 9 May in order to close the seventh legislative session. The president and vice-president of the National Assembly, respectively Senator Firmin Jean-Louis and Deputy Robert Monde, officially convened this meeting on 6 May. Today, 9 May, eyes remain glued on the Legislative Palace where there is much disagreement.

Will the elected representatives of the National Front for Change and Democracy agree to sit down with the parliamentarians elected on 18 January 1993, who are themselves very determined to attend the meeting convened by the office presided over by Sansaricq? Who will the real president of today's session be? No one knows. We have received two convocations in our newsroom, issued by the two—antagonistic—offices of the Senate of the Republic. There is a slight nuance, however: Chamber of Deputies President Monde and Jean-Louis, president of the official Senate Office, are expecting the members of the 45th legislature at 1100, while Sansaricq is expecting them at 1200.

One cannot anticipate which side Monde—who is torn between two forces and who, according to what he himself has said, will cooperate with whichever Senate Office is operative—will support. [passage omitted] [end recording]

Seventh Parliamentary Session Closure Uncertain

FL0905213594 Port-au-Prince Radio Metropole in French 1800 GMT 9 May 94

[Report by Edner Jean—live]

[Text] There is a state of uncertainty in the parliament. This session of the National Assembly is submerged in confusion and uncertainty. This session, which should close the seventh session of the 45th Legislature, has not yet begun. On the contrary, consultations are being held by the political blocs in the Chamber of Deputies, the president of which, Frantz Robert Monde, is meeting right now with the president of the regular Senate,

Firmin Jean-Louis. [Jean] The meeting between the president of the regular Senate, Firmin Jean-Louis, and the president of the Chamber of Deputies has just ended. It is still not known what they discussed or what decisions were made on holding of this National Assembly. Frantz Robert Monde has just come out of this meeting and invited the deputies to meet with him immediately in the Diplomatic Room for an important communication. Right now, consultations continue within the political blocs. The socialist bloc is consulting with its members in camera. The Parliamentary Bloc-National Front for Change and Democracy deputies and senators are dispersed. They are not being consulted. The senators led by Bernard Sansaricq, however, are also consulting with one another.

Preparations continue for this National Assembly, and the question remains: Will this seventh session be closed because of the insignificant number of deputies—about 30 at the moment. Thus, there is no quorum; the roll has not been called. Meanwhile, reporters are there, waiting for the show to begin.

Session Closed by Default

FL0905214894 Port-au-Prince Radio Metropole in French 1900 GMT 9 May 94

[Text] The National Assembly session was not held. The president of the regular Senate, Firmin Jean-Louis, just announced the de facto closing of the seventh session of the 45th Legislature, a statement made following a meeting with the president of the Chamber of Deputies, Frantz Robert Monde.

[Begin correspondent Edner Jean recording] It is done. The National Assembly is closed, de facto. No ceremony was held. Senator Firmin Jean-louis has just announced it. The seventh session is closed de facto. As an explanation, he told reporters that the 18 January senators were responsible for the inability to hold the session. [end recording]

PANPRA Urges Concessions From Aristide, Cedras

FL0905210794 Port-au-Prince Radio Metropole in French 1600 GMT 9 May 94

[Text] PANPRA [Nationalistic Progressive Revolutionary Party of Haiti] leader Serge Gilles calls on the political parties to meet immediately to analyze the latest situation.

[Begin Gilles recording in Creole] I would like to send this call to all political leaders, especially the moderate ones; all Haitian political leaders; all Haitian political parties that belong to the center. This does not mean that I exclude the others, but I think the moderates can understand me better. They must meet, they must discuss, they must issue a statement in which they clearly express their position to the international community. I am also calling on the social sectors, all the labor unions, to put their heads together to find a consensus, to express their position, and to make the international community know that if the new sanctions are applied, the Haitian people will disappear.

Finally, my call goes out to General Cedras and President Aristide to do their best, to make all possible and imaginary concessions in order to solve the problem within the framework of the parliamentary plan. I believe it is possible. [end recording]

St. Maarten

Island To Remain Under Netherlands' Supervision

BR0905125194 Amsterdam DE VOLKSKRANT in Dutch 7 May 94 p 3

[Unattributed report: "Cabinet Lengthens Supervision of St. Maarten"]

[Text] The Hague—The island of St. Maarten is to remain under supervision. At Minister Hirsch Ballin's proposal, the cabinet agreed to lengthen the current supervision arrangement to 1 September of this year.

The decision gives the new Pourier government of the Netherlands Antilles, sworn in on 31 March, the time to set up a new administrative structure for the island.

The reason the government was put under supervision was the financial and administrative mismanagement suffered over the past few years under the leadership of local leader C. Wathey. Wathey is the suspect in a criminal investigation into fraud worth millions surrounding the enlargement of the airport and harbor on the island.

Foreign Secretary on Preventing 'Rifts' With U.S.

PA0905221594 Mexico City NOTIMEX in Spanish 2000 GMT 9 May 94

[Text] Mexico City, 9 May (Notimex)—It is necessary to prevent misunderstandings or rifts between Mexico and the United States as a consequence of unilateral actions that upset any of the parties, Foreign Secretary Manuel Tello Macias has stated.

Opening the 11th U.S.-Mexican Bilateral Commission, the Mexican foreign secretary said that relations between the two countries are at a great moment in time, adding that he hopes the work being done by both delegations "will contribute to strengthening our ties."

Speaking to U.S. Secretary of State Warren Christopher and other officials from the two countries, Tello Macias explained that Mexico has launched reforms and significant changes for promoting growth, controlling inflation, fighting poverty, and opening the economy to world competition. Tello Macias emphasized that "we are the first to admit that there is still a lot to be done and we are encouraged to see that our efforts and sacrifices are producing the desired results."

He said the current administration's basic goal is to place Mexico in an international position that enables it to use the opportunities presented by global reorganization, "as an active participant in the changes that occur rather than as a passive and indifferent spectator."

The Mexican diplomat said that, given their proximity, asymmetric capabilities, individual historical experiences, and diverse cultures, "ties between the two countries are the most complex in the world." He said: This happens because ties among academicians, scientists, businessmen, and organizations on both sides of the border represent a universe of societal contacts that frequently surpass the interaction between the two governments.

Tello Macias explained that, given this reality, it is important to cultivate bilateral relations with talent, which implies having effective institutional channels that facilitate dialogue and cooperation. The foreign minister admitted that cultural differences "and economic disparities between our countries" cannot be neglected, but that "interests based on our common presence in the same geographical zone prevail and these interests are strengthened with commercial integration."

He emphasized that the meeting's agenda clearly proves the richness and complexity of relations between Mexico and the United States and the responsibility of finding reasonable formulas to resolve any problems between the two countries.

'Confidential' Report Warns of Turbulence

PA0705022594 Mexico City EL FINANCIERO in Spanish 3 May 94 pp 1, 50

[Report by Jose Luis Gaona and Georgina Tristan]

[Text] In the final stretch of Carlos Salinas de Gortari's term as president, his political and social finishes [cierre] are viewed by the government itself as "unstable," while his economic finish is "threatening."

A "confidential" report by the Attorney General's Office [PGR] entitled "Mexico, Picture of Violence," which was completed one day before Luis Donaldo Colosio's assassination, states that Salinas' administration has been the most turbulent administration in the past 36 years.

The 46-page document states that Adolfo Lopez Mateos' administration had an "unstable" social finish, but it was politically and economically "stable." Jose Lopez Portillo's political and social finishes were "stable," but his economic finish was "unstable." Miguel de la Madrid's were economically and socially "stable" but politically "unstable."

Meanwhile, the report states that in view of the upcoming federal elections on 21 August, it is important to protect citizens nationwide through the presence of public security forces.

There is evidence of a serious political schism within Salinas' inner circle, a schism which is not only personified by Manuel Camacho Solis and his supporters, but which the commissioner for peace and reconciliation in Chiapas has used to his advantage.

The report points out that the Chiapas rebellion and the death, violence, and political persecutions it prompted dashed, among other myths, the fallacy that Mexico's social peace was the envy of many countries in the world. Still, in his final State of the Nation address, President Salinas pointed out: "I hereby reiterate that Mexico is moving forward confidently and calmly with the help of its Armed Forces."

The reality experienced by the Mexican people, at least over the past 10 years, shows the exact opposite to be true. Although its origins were diverse, the myth of social peace that the PRI [Institutional Revolutionary Party] had boasted about has led to a climate of violence in many parts of the country, the PGR report added.

The Zapatist revolt revealed a threat that has always existed as well as proving that social tensions can erupt at any time in any part of the nation. They are likely to occur in the wake of years of extremely poor economic and social conditions, repression, and a lack of mechanisms to participate in politics.

Other forms of violence are not simple possibilities, they are tangible realities. For example:

- Political violence that the state's repressive apparatus—namely, the Army, state and federal police, and judicial institutions, as well as the so-called "white guards" of the paramilitary corps—exercise against dissidents who oppose the government, the official party, and regional leaders.
- The violence that has been unleashed as a result of the war between the various cartels fighting over drug

production, marketing, and distribution in Mexico.
- The violence displayed by numerous gangs of former police officers and criminals who have turned kidnapping and robberies into their favorite means of obtaining million-dollar profits, without ever worrying about whether or not they will have to murder their victims.

The report acknowledges that political violence seems to have unleashed its fury in the southeastern part of the nation. This region, which has only been thrown the leftovers of the nation's economic modernization policy, stands out, because the states that comprise it—Guerrero, Oaxaca, Chiapas, Puebla, and Veracruz—feature the largest concentrations of poverty and abandonment, the worst education and health services, and populations predominately comprising peasants and Indians.

Together with this area, in states such as Mexico, Hidalgo, Morelos, Michoacan, and Tlaxcala, social tensions and political confrontations have often turned into political demonstrations against the authorities, local leaders, and police. The demonstrations have invariably been repressed by the "forces of order."

The electoral frauds, political challenges, seizing of mayoral offices, violent evictions by way of the police, arbitrary arrests, and the murder of activists and sympathizers of political parties that oppose the PRI have created a vicious circle that makes it very difficult for the authorities to respond without violence and in accordance with the law.

The document notes that one of the main ingredients contributing to this climate of violence and social instability is the lack of credibility in election results.

Tabasco looms as the state first in line on the list of electoral risks for "radical changes." Conflicts, in the meantime, are possible in the states of Oaxaca, Veracruz, and Yucatan as a result of the prevailing social, economic, and political situation. "The worst-case scenario, in terms of elections, exists in Guerrero and Michoacan, where prospects for August are not very encouraging."

The document mentions some regions where the PRI presidential candidate will face difficulty in winning votes in the upcoming federal elections:

- Baja California, the first state governed by the opposition (PAN) [National Action Party], could very well represent a vulnerable region for the PRI candidate, although there is a good chance there will be votes to favor the candidates of that party for deputy and senatorial posts.
- In Chiapas, with a population of more than 3.2 million people, the events early this year gave rise to a certain political anarchy and opportunism on the part of some political parties, labor unions, and government, student, and peasant sectors which openly declared support for the demands made by the EZLN [Zapatist National Liberation Army]. There were those, in fact, who even proposed Subcommander Marcos as a candidate for governor of this state.

The current situation makes it difficult to define the attitude of the people toward the PRI.

- To a great extent, Chihuahua represents the largest number of votes for the rightists (PAN). The degree of PRI penetration is limited in the elections for deputies and senators, just as it is for local legislative representatives in some municipalities of less importance.
- In Guanajuato, with virtually 4 million inhabitants, 49 percent of people of voting age, and in one of the three PAN-controlled states, there is a minimal degree of conflict. It has not been ruled out, however, that there may be vulnerable areas or possible post-electoral conflicts.
- Guerrero, one of the areas in which the FDN [National Democratic Front] won the elections by a majority in 1988, is one of the most vulnerable electoral regions for the PRI. This is where Procup [Revolutionary Workers Clandestine People's Union Party], the Progressive Party of Guerrero, and the Guerrero Civic Party have the greatest penetration.

Some business groups also play a decisive role: Ruben Figueroa Alcocer, Israel Soberanis Nogueda, and Max Tejeda. The Catholic Church also maintains a great deal of influence here.

This is a state that has a climate that could engender conflicts that are not only social, but also political-electoral in nature.

- In Jalisco, civilian society is very upset over the negligence with which public officials are carrying out their work, both at the state and municipal level. Jalisco could represent a favorable vote for the PRI candidate, but not for the party's senatorial and deputy candidates.
- In the state of Mexico, with more than 9.8 million inhabitants, social sectors are disgruntled, above all among PRI militants, as is evidenced by the occupation of mayoral offices, the blocking of highways, and frequent demonstrations. The climate is ripe for political and social conflicts.

The regions most vulnerable for the PRI are Valle de Chalco, Chimalhuacan, Nezhualcoyotl, Los Reyes la Paz, Tejupilco, and San Mateo Atenco.

To a great extent, the power the PRI still holds is attributable to the aid the National Solidarity Program has earmarked to traditionally overlooked areas; this, in turn, has favored the PRI.

Meanwhile, the PAN comprises people from the middle-high class. Proof of this is in the zone in which the PRI has not been able to win one position [casilla] in several elections. It (PAN) is the third political force.

As far at the PRD is concerned, its focus of action and penetration lies mainly in areas most unprotected and forgotten by the authorities.

- The PRD's main bastion is Michoacan, where 17.5 percent of the working population comprise artisans and laborers and 33.7 percent of the population are farmers.

This is the state with one of the greatest risks of political upheaval by way of post-electoral protests and demonstrations. For the election of deputies, senators, and president of the Republic, this state is one of weakest in terms of PRI support.

Morelos, where the rural vote is decisive, does not represent an area totally opposed to the PRI. Nevertheless, the PRD's influence among the Morelos peasants cannot be dismissed.

In Nayarit, there is a possible majority vote for the PRI in the election for president of the republic, but this does not hold true in the election of deputies and senators.

Nuevo Leon is a state in which there is no immediate climate for political conflict. Nevertheless, there is a certain level of discontent among lower social classes, teachers, and some labor groups. The PRI is strong in this region.

Oaxaca, as other states in the nation, has been fated by several administrations to economic, social, and political backwardness. Therefore, the state's serious economic inequalities, extreme abandonment, and poverty are a fertile ground for the rise of political groups linked to the defense of human rights.

This region is ripe for post-electoral conflicts.

- In San Luis Potosi, where there is strong PRD influence, there a political and social explosion is waiting to happen. This area is very weak in terms of PRI voters, particularly in the presidential elections.
- Tabasco, which in the past three years has become totally polarized as a result of the diverse political, social, and economic problems, is susceptible to political and social conflicts. This region is vulnerable for the PRI.
- In Yucatan, there are approximately 400,000 unhappy PRI members; therefore, there exists a climate ripe for political conflicts. This could be a stumbling block for the PRI and help the PAN in the federal elections, particularly with regard to the federal deputies and senators.

Attorney General's Office Denies Links to Report

PA0705023494 Mexico City UNOMASUNO in Spanish 4 May 94 p 10

[Text] The Attorney General's office (PGR) has denied it wrote a confidential report that was published yesterday by EL FINANCIERO. The document makes various comments on the last six presidential terms and issues some statements, which the PGR called undignified and groundless. A PGR communique said the contents of the confidential report, which was signed by two of the newspaper's reporters, was not prepared by any of its agencies because its functions "have nothing to do with the analyses the reporters make in the document." In turn, the PGR claims it is not responsible for the document.

Authorities Say Matamoros Cartel Moved to Monterrey

PA1005032194 Monterrey EL NORTE (Foreign Edition) in Spanish 6 May 94 p 1A

[Report by Gabriela Hernandez]

[Text] Ciudad Victoria—Yesterday, Tamaulipas Attorney General Raul Morales Cadena assured Juan Garcia Abrego's gang, known as the Matamoros Cartel, has shifted its center of operations to Monterrey. "In fact the Matamoros Cartel no longer exists in Tamaulipas; it has transferred to Nuevo Leon," the attorney general said. "In Matamoros, the Garcia Abrego gang has been totally dismembered. Even the PGR [Attorney General's Office] is looking for them in Monterrey instead of Matamoros because it is known that they have transferred to that city."

Garcia Abrego, leader of the Matamoros Cartel, is one of the drug traffickers most wanted at present by Mexican and U.S. authorities. His gang has been accused of over 60 homicides and is known as one of the Cali Cartel's leading connections in the cocaine trade.

The attorney general said that only third-rate drug traffickers remain in Matamoros, where violent drug-related incidents are growing less frequent. "In Matamoros," he said "all that is left are memories of the Oliverio Chavez Araujo gang; what we have now are third-rate drug traffickers who are struggling for territory."

He pointed out that the special operations initiated last year by the PGR forced the gangs to flee to other cities where it would be more difficult to identify them. "The PGR has continued its operations and investigations in Matamoros," he said, "but we presume that Garcia Abrego's center of operations is now in Monterrey."

Morales Cadena believes that the Matamoros Cartel transferred to Monterrey and is operating in that city because several of Garcia Abrego's top lieutenants have been spotted there. Jose Carlos Resendez was arrested in Monterrey last week; he is considered one of the Matamoros Cartel capo's money launderers.

The attorney general also said that last week a residence in the Del Salle neighborhood in Monterrey was seized from Raul Valladares del Angel, who is believed to be one of Garcia Abrego's partners. Valladares del Angel has been a fugitive ever since he escaped from jail in Cameron County, Texas, last year.

The attorney general explained that the transfer of cartel operations is evident in the Matamoros homicide rate, which dropped 50 percent during the first quarter as

compared to the same period in 1993. "Most significantly, 60 percent of the homicides perpetrated on the border used to be drug-related, but thus far this year we have only discovered drug connections in four murders," he said.

Report Outlines National Action Party Platform

PA0705135794 Mexico City LA JORNADA in Spanish 3 May 94 pp 1, 12

[Report by Ismael Romero]

[Text] The National Action Party [PAN] says a transition to democracy and a state of law demands transformation of the presidential institution. Consequently for the next six-year term, PAN is proposing a government platform to limit the executive's powers and an ample and in-depth reform of the Constitution and bylaws regarding at least 50 key areas of national aspects.

If Diego Fernandez de Cevallos wins the 21 August presidential elections, he will stimulate during his first 100 days of government great respect for the separation of branches and the federal pact, and he will encourage through the proper legislative channels a reform of the fundamental Constitution articles, such as 27, 123, 115, 4, and others, as well as of basic laws, such as the Labor Law, the Law on the Congress of the Union, the Law on the Responsibilities of Public Officials, the Law on Foreign Trade, Energy, and National Fund for Workers' Housing.

In addition, and as part of an in-depth administrative reform, he will take firm steps to reinforce the executive, legislative, and judicial branches, unincorporate the national railroads, dissolve the Agrarian Reform Secretariat, and create a national ombudsman's office for general rural development, a general judicial council, a federal education council, and a national housing committee.

Regarding human rights, PAN and its candidate suggest reorganizing the national commission in charge of protecting personal rights. PAN and its candidate have also outlined the following government programs and plans: a national plan to lower the level of poverty; a national housing plan; a national plan for a balanced regional development; a new fishing strategy; and a national program for the industrial and commercial development of goods and services, among others.

The PAN government proposal is included in its 1994 to 2000 political platform in which the party and its candidate propose four great challenges and five commitments "in view of the national situation, full of uncertainty and injustice."

The challenges are: to stimulate the country's general development to improve the lot of 40 million poor Mexicans; to develop and reinforce national culture in a world inclined to globalization; to abolish the sociopolitical system of abuse, oppression, and impunity that has been imposed on Mexican society; and to establish a system of freedom and full social, civil, and political rights.

The commitments are: to create a state of law; to establish a training-education system in the country; to develop a humane and modern economy; to provide the social and environmental conditions to give the Mexican people dignity and a high standard of living; and to practice an active international policy, aimed at the national common good, which stimulates the universal common good.

For PAN, "it is not hatred, overflowing revengeful passions, a single-minded obsession to seize power, or the perversion of politics and corruption but, rather, respect for humans and love of the homeland and its virtues, and what can inspire programs to solve the country's problems."

Genuine State of Law

The result of an in-depth and extensive consultation among its more than 140,000 active members, PAN's proposal states that for the Mexican people the political system of the Institutional Revolutionary Party [PRI] has reached "a dead-end" due to its marked corruption and simulation of legality. For this reason, this system cannot work in a state of law.

Human and political rights are violated; the Presidency remains an "irresponsible" institution; the legislative branch does not perform its proper functions; the judicial branch is not autonomous; there is a "suffocating" centralism; there is no democratic electoral system; dehumanization, depersonalization, and depoliticization are reinforced through formal and informal educational systems; crime and corruption worsen.

In sum, due to a lack of a state of law, the Mexican public administration is plagued with corruption. As a result, the public administration constantly affronts the people.

The party believes the creation of a state of law should quickly be based on the following fields: political ethics; structure and form of the Mexican state's organization; how the people can participate; education and the formation of a democratic culture; civil security; and the fight against corruption.

The strategies and guidelines PAN is proposing are aimed at protecting man's rights, given he is conceived until he dies. For this purpose, PAN will insist on the need to reform Article 4 of the Constitution and establish that every human being, due to his dignity, shall enjoy legal protection from the moment he is conceived. PAN's proposal will reject the legalization of abortion and suggest dispatching adoption procedures expeditiously.

If he wins the presidential elections, Fernandez de Cevallos' administration will call a nationwide human rights conference aimed at revising the Constitution and laws and adjusting our national legislation to the international human rights framework, thus eliminating all

reservations or incompatibilities with international human rights treaties and pacts signed and confirmed by Mexico.

Fernandez de Ce/allos' administration will strengthen and fine tune the government bodies created for the protection and promotion of human rights and will promote legal reforms to eliminate the authorities' influence on the labor unions' internal affairs, their records, changes in leadership, and right to strike. Other reforms will be made to guarantee respect for "broad" rights, such as calm, public peace, life in a healthy atmosphere and public decorum.

The Constitution will be subjected to further reforms to limit the powers of the federal executive branch and to eliminate its "metaconstitutional powers." For example, the "secret allotments" granted the executive will be reduced.

The Congressional Organic Law and corresponding Internal Regulation will be reformed to dignify the legislative branch and expand its powers to include, among other things, the investigation of serious and specific cases through special commissions.

The judicial branch's autonomy will be respected, and a general judicial council will be created to execute a system of legal guarantees for appointments and impartial promotion for members of that branch, and to resolve complaints by individuals concerning the administration of justice.

PAN will also offer political decentralization and respect for federalism. Thus, institutions and municipalities will be granted powers that have been inappropriately assigned to the executive.

Decisionmaking will be federalized, and to this end a Federal Tax Council and a contingency fund will be created to provide timely help and resources for states and towns affected by natural disasters or acute economic problems.

Municipal life will be respected and reforms to Article 115 will be promoted, thereby making it possible for municipalities to impugn laws and actions by state or federal authorities who violate their autonomy, deny, or withhold resources from them, and so that town councils can come together under the proportional system of representation with a dominant majority. The democratic formation of metropolitan councils will be promoted in cities and conurbations.

The federal government led by PAN will take "firm steps" toward definitively establishing the legal foundations for fair competition for power. To this end, it will seek to establish actions for relief pertaining to electoral matters; to guarantee the impartiality of the electoral authorities; to punish behaviors that violate freedom and the secrecy of the vote; to establish equality in competition; to foster and regulate public debates between candidates and prohibit all parties from using the fatherland's colors and symbols on their emblems.

Meanwhile, in addition to demanding the abolition of the party-government system and guaranteeing equitable, honest, and democratic elections, PAN will propose constitutional and regulatory reforms to establish referendums, plebiscites, and popular initiatives at the federal, state, and municipal levels.

Freedom of expression will be protected and respected as a natural right and not as a state concession. The system of discretional concessions for radio and television stations that is in place will be replaced by a regulatory system of authorization.

To guarantee citizens' security, constitutional and legal reforms will be pursued to make the Attorney General's Office autonomous; security and police corps will be reformed; the Ministerial Police Force will be created; a national security program will be designed; a national registry for police data will be established; and citizen public security councils will be formed.

A federal code of administrative procedures will be created to reform the public administration. The Comptroller General's Office will perform internal public administration tasks, and the Chamber of Deputies Finance Accountancy [Contaduria Mayor de Hacienda de la Camara de Diputados] will conduct audits. The law on the responsibility of public workers will be made stricter and more effective, and the National Human Rights Committee will be authorized to receive complaints about government officials who adversely affect the rights of taxpayers and public service users. Likewise, the law will be amended to recognize the state's civil responsibility toward citizens and provide for their indemnification when required.

New Relationship With The United States

On the international front, PAN believes that Mexico does not have an overall political strategy to face the challenges posed by the new world order. Mexican foreign policy has been fashioned according to the regime's interests, not to encourage and defend national interests. This has resulted in the adoption of "shameful" positions with tragic results for the country.

There has been a heavy bias toward the U.S. option, which prevents greater and more effective international pluralism. World changes have heightened the Mexican political regime's internal decadence, thus diminishing the country's negotiating capacity and the honorability of its foreign policy.

PAN, therefore, includes in its government program a new foreign policy that will not be just a trade proposal. The new foreign policy will encourage review and renewal of diplomatic practices and will respond to national interests. It will be an active foreign policy not just a defensive foreign policy.

PAN will struggle to become multi-directional and pro-Latin American. It will fight for overall reform of all multinational organizations, the formation of a world parliamentary assembly, a Latin American community of nations, and a Latin American parliament.

In terms of Mexico's relations with the United States, PAN believes they must be renewed based on five points: respect between two democratic states, trade association, recognition of socioeconomic differences, coordination in the solution of conflicts, and vigorous defense of migrant Mexicans.

PAN argues that Mexican diplomacy will no longer be an opportunity for prizes, political sinecures, or a pretext to send adversaries into exile. The Mexican foreign service will become professional and specialized.

Lastly, with a PAN administration, constitutional reforms will be sought to broaden the foreign policy powers of the Chamber of Deputies as well as to create a legal framework that will allow control over economic and noneconomic aspects of NAFTA and which will protect national interest. PAN will oppose any NAFTA renegotiation that could reduce opportunities and benefits.

Cattle Owners Hold Talks With Zedillo

PA1005032094 Mexico City EL FINANCIERO in Spanish 6 May 94 p 49

[Article by Jesus Sanchez]

[Text] Tuxtla Gutierrez, Chis. [Chiapas], 5 May—Tense and anxious cattle owners, tradesmen, and businessmen have asked presidential candidate Ernesto Zedillo to strive for a vigorous legal recovery that will allow peace negotiations to end the "painful path" that let impunity reign over justice.

Although the presidential candidate acknowledged that the conflict "has placed injustice above justice," he praised the resumption of the negotiations between the Zapatist National Liberation Army (EZLN), whom he called for the first time by its real name, and Commissioner Manuel Camacho Solis.

Zedillo's proselytizing campaign in Chiapas was used to support the gubernatorial candidate of the PRI [Institutional Revolutionary Party], Eduardo Robledo Rincon. The security surrounding the candidates was low-profile. They visited a radio station in Tapachula and attended a rally along with fellow PRI members. Later, he attended a feast at the Montecarlos Room of the Flamboyant Hotel.

A communique signed by Manuel Camacho Solis and Bishop Samuel Ruiz was made public in San Cristobal de las Casas, which is less than three hours from Tuxtla. The communique announced that the negotiations will resume.

The cattle owners were expecting a strong response to their demands. Alberto Marin, president of the Northern Zone Cattle Owners Union, told reporters that cattle owners will hand Ernesto Zedillo a document stating that nothing tangible has been done so far to honor the commitments made during the 16 May [as published] meeting with the Army chief to solve the problem of 150,000 hectares in the municipalities of Altamirano, Ocosingo, and Margaritas.

The cattle owner leader said: "Nothing has been done." He added that economic losses in the region affected by the armed conflict amount to 300 billion old pesos [currency as published]. He added that it is still a delicate situation and that 30 percent of the state's livestock owners are virtually idle, a situation that sooner or later will prompt the import of not only meat and milk but also corn. These comments flew from one table to another as the meal in honor of Ernesto Zedillo was being served. The cattle owners could barely taste the chicken breast with vegetables that was being served.

The claims of those who are on the other side of the Chiapas conflict were harsh. Gonzalo Lopez Camacho, president of the Center Zone Cattle Owners Union, noted Zedillo's views on lack of security and said that Chiapas cattle owners have travelled a painful road full of offal, assaults, kidnappings, and robberies. This situation requires agreements that, in addition to reaching peace, "will fairly recognize the efforts made by the state's productive sectors" to ensure the forces hampering production will wane.

The cattle owners representative supported Eduardo Robledo's candidacy. He said Robledo will reestablish the rights of the Chiapas residents without controversies or violence. He insisted, however, that the despoiling attempts against the patrimony of many Chiapas residents are in the hands of "intellectually deprived individuals who are currently hiding behind impunity."

Francisco Gutierrez, leader of the National Association of the Processing Industry, made a rough estimate of underdevelopment in Chiapas, to which he added the expectations of movements that sow division and violence. He strongly criticized the federal government for its mismanagement of the state developmental process and insisted industrialists need security for their families and assets.

Tradesmen leader Walter Leon said they are tired of hearing promises and are no longer willing to live with the dream that Chiapas residents are potentially rich although they live poorly.

The Chiapas production sectors waited until Zedillo spoke. They showed no sign of being overwhelmingly jubilant. He said: "I know that the conflict has unfortunately piled injustice upon injustice. I hope tolerance, dialogue, and reconciliation will prevail to ensure that the final results of the negotiations will fairly meet legitimate demands. The agreements must also be fair to ensure that those who obey the laws, but whose personal lineage and patrimonial integrity have been affected, will be respected."

Zedillo then talked about the upcoming resumption of the peace negotiations and pointed out that the institutions have shown determination to reach an agreement to enjoy a lasting peace once again. He added: "As a

candidate today and as president tomorrow, I am determined to honor all the commitments that our patriotic President Carlos Salinas de Gortari will make in the name of peace."

Very early in Tapachula and through the XEKQ radio station, Ernesto Zedillo sent a message to the EZLN and said: "We want peace to be signed and will honor the commitments made during the process to ensure that Chiapas residents and all Mexicans will learn that peace is the road to follow."

Some observers who are closely following the Zedillo campaign said he sounded different from the PRI candidate because he was heard through the local sound system sometimes saying "Shapas" and "Shapas residents." Perhaps, there was something wrong with the sound system. The PRI ceremony had a second meaning in Tapachula: to see Zedillo supporting Eduardo Robledo.

Amid rattling noises and cheerful slogans such as "You are on the right track, Zedillo; you are on the right track," Chiapas PRI President Gerardo Pensamiento delivered a speech different from those he usually makes. At the beginning of the speech, he said: "You are among Chiapas friends, who are asking you not to make more commitments; we are merely asking you for what we have already been promised but which have never been honored."

At the Tapachulas Country Club, the delivery of caps and t-shirts commanded the attention of the attendees for a long time. Security agents drove reporters away. When ordered to, two agents virtually flew to the dais to switch the microphones that Zedillo would use.

Igor [not further identified] led a horde of reporters who wanted to make sure they would have access to the pro-Zedillo ceremony, but a Staff agent stopped him and they verbally abused each other. Those Tapachula residents who witnessed the incident said: "If this is what they do to the media, what will they do to us?"

Zedillo and Robledo embraced, and their followers filled the square. Robledo stressed that Chiapas demands a political proposal that will not blame anyone or seek revenge. He said: "I came here to defend those colors that have already been whitened; the colors of personal resentment are among them."

Secretariat Spokesman on Resigning From Group of 77

PA1005014194 Paris AFP in Spanish 1724 GMT 6 May 94

[Text] Mexico City, May 6 (AFP)—The Mexican Government has resigned its membership in the Group of 77 (G-77), which unites all developing countries, as a result of having recently joined the OECD, a Foreign Secretariat spokesman said. Mexican Foreign Secretary Manuel Tello sent a letter to G-77 President Mohamed Salah Dembri informing him that Mexico will no longer participate in those mechanisms in which developing countries define their position vis-a-vis the industrialized nations, the source added.

In his letter, Tello emphasized that Mexico's entry into the OECD, known as the rich countries' club, "does not mean we will dissociate ourselves from the problems of the developing world" and will continue to work to increase "the advantageous, frank, and meaningful relations of cooperation among this group of nations."

The same source said the letter was sent "three weeks ago" but was only revealed today, after EXCELSIOR published its contents. Mexico was admitted into the OECD in April and became the first Latin American country to join that organization.

Costa Rica

Salvadoran President Views Regional Issues

PA0905045894 Panama City ACAN in Spanish 1912 GMT 7 May 94

[By Cristina Hasbun de Merino]

[Text] San Jose, 7 May (ACAN-EFE)—Salvadoran President Alfredo Cristiani said today that Central America is en route to political stability and that he believes that with the change in governments in the area the integration process will receive new impetus.

In a statement to ACAN-EFE, Cristiani said that Honduras, Costa Rica, and El Salvador "have consolidated their democracies" with their recent electoral processes and that the countries that still "give reason for concern" are Guatemala and Nicaragua.

Notwithstanding, the Salvadoran president emphasized that last year Guatemala was able to solve, "within the framework of constitutional legality," the self-inflicted coup of Former President Jorge Serrano Elias, after which Ramiro de Leon Carpio became president.

Cristiani, who signed peace agreements with the former Salvadoran guerrilla forces in January 1992, is confident that the peace negotiations to end the armed conflict in Guatemala, which dates back to 1960, will end successfully and emphasized that "the science of peace is patience." He emphasized, however, that it is difficult to predict when the government and the Guatemalan guerrilla forces will sign a peace agreement, because "negotiations are sometimes slow and difficult and one cannot be hasty in something so delicate."

With respect to Nicaragua's political situation, Cristiani said "there are still some details" to clear up, but "little by little the Nicaraguan people are overcoming their problems." "I believe Central America is headed toward stability; there are no destabilizing elements," stated Cristiani, who on 1 June will turn the presidency over to President-elect Armando Calderon Sol, leader of Cristiani's own right-wing Nationalist Republican Alliance party.

Cristiani is confident that changes in Central American governments will give new impetus to the region's integration process, which in recent months have become bogged down due to the general elections being carried out in most of these countries.

He said that, since the beginning of the integration process, governments of different ideologies have participated and made satisfactory headway, and that, because of this, he does not believe there will be any delay in this issue as a result of the administrative changes going on in El Salvador, Honduras, Costa Rica, and, just around the corner, in Panama.

Cristiani said he spoke of this with Honduran President Carlos Roberto Reina, and with Costa Rican President-elect Jose Maria Figueres, who will be sworn in on Sunday, adding: "The two are willing to continue the integration effort." In El Salvador's case, the president said his party's policy "is in favor of integration."

Cristiani admitted that the major advances in the Central American integration process have centered on economic issues, but he did not rule out that in the coming years the social aspect might climb higher on the agenda. In addition, the president believes it improbable that his country's peace process could suffer a setback as a result of the internal crisis of the former rebel Farabundo Marti National Liberation Front (FMLN), because the five groups that comprise the FMLN signed the accords that put an end to the 12-year war.

Cristiani believes the differences that arose within the ranks of the FMLN one week ago are "logical" given "their different leftist ideologies," which may have united them for the armed struggle but could lead to their break up in the political arena.

"The only problem I consider delicate is the internal threats that could deteriorate into violence within the FMLN, but the government will be ready not only to try to prevent this, but, in case violence does occur, to apprehend those responsible and put them where they belong," Cristiani said.

A clandestine group of dubious ideology threatened the life of various former FMLN commanders, including Joaquin Villalobos, for having "betrayed revolutionary principles" by negotiating with the government on the make-up of the Legislative Assembly Directorate.

Taiwan President Arrives on Official Visit

Signs Communique With Calderon

OW0705113394 Taipei CNA in English 0755 GMT 7 May 94

[By Stephen Sheng and K.C. Huang]

[Text] San Jose, May 6 (CNA)—President Li Teng-hui of the Republic of China [ROC] and Rafael Angel Calderon of the Republic of Costa Rica signed a joint communique Thursday [5 May] afternoon in the presidential office.

In the communique, President Calderon reiterated the support of his government for the ROC, especially support for the ROC's bid for membership in the United Nations.

Calderon also thanked the ROC for the economic, technical and cultural cooperation granted by the ROC to Costa Rica. President Li, on his part, committed to further strengthen the cooperation and friendship between two countries.

Li, accompanied by his wife and a delegation of high ranking ROC officials, including Foreign Minister Chien Fu, arrived here Thursday for a three-day visit to meet Calderon and to attend the inauguration of President-elect Jose Maria Figueres.

On Friday, Li had breakfast with Jose Maria Figueres and met separately with President Alfredo Cristiani and President-elect Armando Calderon Sol of El Salvador, and Vice President of Paraguay Angel Roberto Seifart.

After the inauguration, Li and his delegation will leave for South Africa, where they will attend the inauguration of President-elect Nelson Mandela.

Holds News Conference

OW0905074494 Taipei CNA in English 0702 GMT 9 May 94

[By Huang Kwang-chun]

[Text] San Jose, Costa Rica, May 8 (CNA)—The Republic of China [ROC] and Costa Rica will continue strengthening bilateral cooperation and support, ROC President Li Teng-hui said over the weekend.

President Li made the remarks during a news conference held following a breakfast meeting with Costa Rican President Jose Maria Figueres.

Li said that during the meeting, he and Figueres exchanged opinions on matters related to existing and future cooperation between the two countries. Both of them are satisfied with bilateral relations and agreed to strengthen ties in the future, Li added.

The Governments of the ROC and Costa Rica have traditionally supported each other in international affairs, Li said, adding that Costa Rica has demonstrated its sincere willingness to help forward the ROC's bid to enter the United Nations.

President Li also pledged during the meeting to increase cooperation with Costa Rica during Figueres' presidency.

In response, Figueres assured Li that Costa Rica will continue to cooperate with the ROC on the international stage and fight for human rights, democracy and freedom.

Views PRC Ties, International Role

OW0905083494 Taipei CNA in English 0711 GMT 9 May 94

[By Huang Kwang-chun]

[Text] San Jose, Costa Rica, May 7 (CNA)—President Li Teng-hui of the Republic of China [ROC] said here over the weekend that the ROC would actively participate in international affairs as a sovereign nation.

Li, who is now on a official visit to Costa Rica where he participated in the inauguration of President Jose Maria Figueres Sunday [8 May], made the remarks during a news conference held following a breakfast meeting with Figueres.

The ROC is a sovereign nation and the world should recognize that China is divided and ruled by separate governments, Li said.

Under the existing situation, the ROC has two courses of action, Li said, including the promotion of substantial relations with other nations and improving cross-Taiwan Strait relations.

"Developing mutual understanding between the two sides of the Taiwan Strait is important," he emphasized. But it is necessary for the ROC to enter the international community as a sovereign nation, he added.

El Salvador

Onusal Reports Improvement in Human Rights

PA1005043094 San Salvador EL DIARIO DE HOY in Spanish 7 May 94 p 47

[Text] In his 10th report to the UN secretary general, Diego Garcia-Sagan, director of the Human Rights Division of Onusal [UN Observers for El Salvador] noted "a slight improvement" in the human rights situation, compared to the critical problems noted in recent months. Nevertheless, Garcia-Sayan revealed that arbitrary executions and threats of arbitrary execution still represent the largest number of reports received by Onusal.

Between November 1993 and February 1994, the Human Rights Division received 35 reports of arbitrary executions and 12 threats of arbitrary execution. Onusal does not rule out political motives in some of these cases.

Regarding the death of Francisco Garcia Veliz, leader of the FMLN [Farabundo Marti National Liberation Front], the report says that investigations have not progressed enough and that they apparently have reached "a stalemate" as a result of limited sources of information. Velis' autopsy revealed that he was a drug addict, so no one knows who would benefit from the crime.

Garcia-Sayan said Onusal's Human Rights Division is continuing its investigation and does not rule out any hypothesis, "even though a political motive seems most probable."

Likewise, he says that "the police's inability to capture the culprits and the Judicial Branch's inability to prosecute them still represent the basic reason for the high percentage of rights violations, particularly with the status of impunity, which is still very critical."

Garcia-Sayan said the various organized groups of criminals who operate in the country comprise former Armed Forces members and former FMLN fighters. Referring to the violent actions carried out by these groups, he said that they possibly involve crimes resulting from "a settling of accounts" with "private" political components and that this could be a result of the war.

The number of death threat reports received by Onusal rose to 77, which is the highest registered level in 1993 and 1994. Some of the cases were a result of the electoral process. The report adds that the Judicial Branch and the National Police are still the institutions most frequently

mentioned by Onusal as responsible fo. human rights violations in the country. Other reports received during that period involve mistreatment and the state's legal duty to investigate and prosecute.

Deputy National Civilian Police Commissioner Retires

PA0905230094 San Salvador EL DIARIO DE HOY in Spanish 6 May 94 p 3

[Text] The Farabundo Marti National Liberation Front (FMLN) has been trying to fill National Civilian Police (PNC) positions with undeclared members of the former guerrillas, according to the retiring deputy police commissioner. "The FMLN would thereby maintain its rear guard in the organization," said Major Oscar Armando Pena Duran, who explained that his appointment to the PNC was negotiated with the FMLN. "My incorporation was negotiated with the FMLN in exchange for some tests for mid-level commanders at the Public Security Academy... so that their mid-level commanders could join the PNC. It was decided during the peace agreements," Pena Duran said.

The officer, who is retiring from the Army, explained that the FMLN plans failed with regard to incorporation in the Drug Trafficking Executive Unit (Unidad Ejecutiva Antinarcotrafico) and the Commission to Investigate Criminal Actions of the PNC. Pena Duran denied that his resignation was a result of pressure and said that he decided to resign because he is suffering from an ulcer, for which the doctor recommended a period of absolute rest.

The first to celebrate Pena's resignation, however, was FMLN Coordinator Jorge Shafik Handal. PNC Director Jose Maria Monterrey announced that Jaime Vigil will be appointed acting deputy police commissioner. Pena Duran worked as deputy director of operations in charge of the following divisions: public security, criminal investigations, narcotics, weapons, explosives, environment, finance, traffic, and borders.

Monterrey's Resignation

Meanwhile, PNC Director Monterrey said he would tender his resignation when the new government is sworn in so that President-elect Armando Calderon Sol can decide who will be in charge of the police organization. It was also reported that Mr. Monterrey has expressed his intention to return to private business and that the new government's advisory team is looking for someone to replace him.

Guatemala

Army Accepts Creation of Truth Commission

PA1005005294 Guatemala City PRENSA LIBRE in Spanish 5 May 94 p 3

[Text] General Mario Rene Enriquez Morales, the national defense minister, announced yesterday that the Guatemalan Army has accepted the creation of a Truth Commission. Once installed, it must investigate the military institution and all those sectors that have collaborated with the guerrillas since 1960. Several civilian and social organizations have requested that the creation of this commission be approved during the negotiation process ever since talks between the Government Peace Commission and the Guatemalan National Revolutionary Unity (URNG) began in January.

However, before leaving his office at the National Palace, the minister said: "In order for this all to be fair and just, the commission, if approved, must specifically investigate those who have collaborated with the URNG and have remained anonymous for over 33 years." He gave no names when asked who he thought were collaborators, but listed, for example, students, professionals, nongovernmental organizations, and countries which have aided the subversives financially and intellectually.

He reaffirmed that the Army's true position has not changed inasmuch as it does not want to see any further polarization of the community. Enriquez stressed that he does not mind the commission being installed, as long as there are equal conditions for all parties.

Although the Information and Press Department of the Army remained totally quiet on whether they accept the Truth Commission or not, civilian groups insist that it is necessary for the country. They expressed their support for statements by Gen. Enriquez when he said that he did not want to see further polarization.

URNG Dismisses Possibility of Cease-Fire

PA1005043694 Mexico City NOTIMEX in Spanish 0301 GMT 10 May 94

[Text] Mexico City, 9 May (NOTIMEX)—The Guatemalan National Revolutionary Unity (URNG) today in Mexico City dismissed the possibility of an immediate cease-fire declaration, thereby rejecting the position of the organized business leaders and Guatemalan Army. To attach utmost importance to their position is to reduce the negotiation "to a simple laying down of weapons by the URNG, without having resolved any of the causes that generated and perpetuates the armed conflict," the guerrillas said.

The Coordinating Committee of Farming, Commercial, Industrial, and Financial Associations and Guatemalan Defense Minister Mario Enriquez said last week that there must be a cease-fire before the peace dialogue resumes.

In a communique broadcast in Mexico City, the URNG General Command insisted that "a cease-fire declaration at this time will not resolve this problem," referring to the situation in the Central American country. The Guatemalan guerrillas also reiterated that the creation of a Truth Commission "is not only essential but unpostponable in view that it is a substantial component of eradicating impunity."

The government of President Ramiro de Leon Carpio and the URNG are scheduled to meet in Oslo, Norway,

at the end of May. In March, they agreed that in the meeting they will discuss the establishment and operation of this commission.

The release of the rebel document coincided with remarks by De Leon Carpio, who in San Jose, Costa Rica, viewed as inadvisable the creation of the commission because it might deepen wounds and hinder the peace negotiations. For the URNG, the president has "only one choice" and that "is to fulfill and enforce the Comprehensive Agreement on Human Rights and give concrete signs of wanting to achieve progress in the negotiation."

The government and the URNG have been engaged in a process of talks aimed at ending an armed conflict that, according to humanitarian organizations, has left about 175,000 dead in 34 years.

URNG Guerrillas Blow Up Power Lines

PA1005005894

[Editorial Report] The 4 May issue of the Guatemala City newspaper PRENSA LIBRE in Spanish on page 12 reports that, according to an Army dispatch, Guatemalan National Revolutionary Unity, URNG, rebels blew up power line poles in Nebaj and Chacul Municipalities, Quiche Department, on 27 April and that the area was left without electricity for 13 hours. The dispatch also said that a clash occurred with URNG guerrillas on the Santa Cruz-Chajul road on 29 April, but that there were no casualties.

New Attorney General, Prosecutor General Named

PA0805162494 Panama City ACAN in Spanish 1923 GMT 7 May 94

[Text] Guatemala City, 7 May (ACAN-EFE)—Guatemalan President Ramiro de Leon Carpio today appointed lawyers Acisclo Valladares as the new attorney general and Ranses Cuestas as the new prosecutor general. Valladares is reassuming the post he held during the government of overthrown President Jorge Serrano (1991-1993).

Before swearing in the new officials, President de Leon Carpio explained that the new attorney general will serve as an adviser and consultant to state institutions.

Valladares left office in 1993 after being suspended. At that time the courts charged that Valladares had refrained from bringing fraud charges against his brother Luis Domingo Valladares.

Presidency sources told ACAN-EFE that Cuestas, a lawyer with 30 years experience, has never held a public office.

Valladares and Cuestas will assume the offices Telesforo Guerra Cahn held simultaneously. The attorney general was chosen directly by the president while the prosecutor general was chosen from among six candidates presented by a nominating committee headed by the Supreme Court of Justice.

Foreign Ministry Proposes Referendum on Belize

PA0905005494 Guatemala City PRENSA LIBRE in Spanish 6 May 94 p 3

[Text] Yesterday, in an appearance before the Congress of the Republic, Foreign Relations Minister Maritza Ruiz de Vielman confirmed that Guatemala still maintains its territorial claims over Belize and plans to allow the people to voice their opinion on the issue by means of a referendum.

During a meeting with the Foreign Relations Committee, the minister explained that no unexpected readjustments to the guidelines of the dispute with the Belizean people are expected to take place during her term as minister and that they are prepared to resort to any legal means in order to resolve the dispute.

As established by the Constitution, after the Belize Council has been established, one of the points to be put on its agenda will be to request the Supreme Electoral Tribunal to call the Guatemalan people to a referendum so they may voice their opinion on the issue.

Even though the minister indicated that the Belize Council will be directly responsible for negotiating the territorial dispute, she also explained that at any given moment it could request mediation by the international community, which has expressed interest in the problem.

In addition, the United Nations will be made aware of the objectives sought by the proviso submitted a few months ago.

With respect to the extradition of [former President] Jorge Serrano Elias, the minister indicated that the court responsible for the case has not yet forwarded any [extradition] request to the Foreign Ministry.

Belize Council To Be Established in 10 Days

The foreign minister stated that the Belize Council will be established in no less than 10 days. She also abstained from identifying the candidates selected to become members of the aforementioned council and indicated that there are still talks to be held with some of them in order to confirm their disposition to participate.

According to the foreign minister, a preliminary list of candidates has already been discussed with President Ramiro de Leon Carpio, and, if there are no objections, she would proceed to forward invitations to the citizens named as possible council members.

Belizean Envoy Cited on Willingness To Negotiate

PA0905231794 Guatemala City SIGLO VEINTIUNO in Spanish 6 May 94 p 5

[Passages in italics as published]

[Text] Henry W. Anderson, Belizean ambassador to Guatemala, yesterday said his government is prepared to begin negotiations on the territorial dispute with Guatemala; adding that a commission has been created for this purpose and only the final details must be settled.

The Guatemalan Government has recognized Belize's independence; therefore, we have accepted the fact that a border dispute prevails between the two countries, a situation we hope will be handled cordially, he said. Regarding the organization of a Belizean Council, the ambassador said this is considered positive because it is a sign the Guatemalan Government is prepared to begin negotiations to settle the dispute.

Belize is interested in establishing trade, cultural, and sports relations, not only with Guatemala but with all of Central America; and that is one of the reasons that prompt us to be prepared to negotiate what is negotiable, Anderson said. The ambassador also said he cannot release the names of the persons who make up the Belizean commission that will participate in the negotiations, because he does not have them.

He also referred to the role played by the media in the case, which is important, to establish the objective atmosphere necessary to settle relations between the States of Guatemala and Belize. The diplomat added that Belize's recognition as an independent state by the media, and the illustration of this on the region's maps, will represent a great step forward.

Nicaragua

President Denies U.S. 'Ultimatum' in Confiscation

PA0905210194 Mexico City NOTIMEX in Spanish 1947 GMT 9 May 94

[Text] Managua, 9 May (NOTIMEX)—Nicaraguan President Violeta Chamorro today denied that the United States had issued an "ultimatum" to her government to solve the problem of confiscated properties of U.S. citizens. Upon her return from Costa Rica, Chamorro rejected "U.S. pressure, I do not like pressure," while she denied that a law passed by U.S. President William Clinton on 30 April was an "ultimatum for Nicaragua."

This law, approved by the U.S. Congress on 19 April, granted the Latin American nations a 90-day period after its ratification to solve U.S. citizens' expropriations of assets.

Chamorro urged Former President Daniel Ortega (1985-1990) to return the home he lives in, being claimed by former banker Jaime Morales Carazo and his wife, of whom it is only known that she is of Mexican origin. She urged those who benefited by the Sandinist law-decree in 1990 during the transition period known as "the pinata-like" give away, to return the homes they had received.

The president acknowledged that the property conflict represents "a terrible problem" for which a satisfactory solution for all parties has not been reached. She said that the return of confiscated properties in the custody of the new owners since 1990 would help her government. The government has received at least 5,400 claims that involve more than 16,000 properties of which 400 belong to U.S. citizens, according to official statistics.

Luis Humberto Guzman, president of the parliament, traveled to Washington to inquire about the scope of the U.S. law that imposes restrictions on disbursements of foreign aid to nations that do not solve the claims of confiscations from U.S. citizens.

Last weekend, Chamorro traveled to Costa Rica to participate in the inauguration of that nation's president, Jose Maria Figueres.

Ministers View Meeting With Taiwanese Delegation

PA0605172694 Managua EL NUEVO DIARIO in Spanish 5 May 94 pp 1, 8

[Report by Irma Franco]

[Text] Foreign Cooperation Minister Erwin Kruger reported that during the first working meeting between the Taiwanese president's delegation and the Chamorro cabinet officials from both nations acknowledged the economic progress made in four years of government with the support of the Republic of China and the pardoning of 75 percent of Nicaragua's debt.

This working meeting was attended by the minister-president of the Council of Economic Planning and Development, the president of the Federation of Industries and Chambers of Commerce, and the minister-president of the Central Bank of Taiwan.

Social Action Minister William Baez, the Central Bank president, the foreign relations minister, and the economy minister represented Nicaragua.

Among the topics discussed were the structural adjustment, economic stabilization, foreign cooperation, continued support, and the market economy.

Kruger affirmed that a document pardoning 75 percent of Nicaragua's debt with Taiwan and outlining cooperation for the 1994-96 period will be signed today. The cooperation accord will be defined in this second round of meetings.

Social Action Minister William Baez said the meeting was fruitful because the economic cabinet was able to explain the problems with the debt payment. He added that the Taiwanese officials expressed their firm interest in continuing to support Nicaragua.

Baez asserted that the issue that most impressed the Taiwanese delegation was the 20-percent growth in the agricultural sector, a figure they considered very high.

Minister Denies Police Involved in Trafficking

PA0605181394 Managua Canal Cuatro Television in Spanish 0300 GMT 5 May 94

[From the "Extravision" newscast; passages within quotation marks are recorded]

[Text] The Government Ministry will ask the National Legislative Assembly to expedite approval of the draft narcotics law. Government Minister Alfredo Mendieta

today announced that the U.S. Government will contribute $100,000 to the fight against drug trafficking. He also announced that the Nicaraguan Government will present a formal request to the United States to open a DEA office in the country. [Sandinist] Deputy Doris Tijerino, chairperson of the Legislative Assembly drug committee, recently warned of the danger that such a move would represent, saying that opening a DEA office in Nicaragua would be an affront to national sovereignty.

Minister Alfredo Mendieta rejected drug trafficking charges against members of the National Police [PN], calling the incidents a campaign to discredit the institution. Today he denied that any high-ranking PN officer was involved in drug trafficking and affirmed that there are political motives behind the accusations.

[Mendieta] "I strongly deny that the PN, as an institution, could be involved in any way. I strongly reject any implication of involvement by PN Brigade Commander Fernando Caldera. I think it is all politically motivated. Although this may surprise the media, I think there are some politicians behind all this, as I have said from the beginning."

Commander Roger Ramirez said that he has done nothing illegal, much less behind the backs of the PN commanders. He was referring to his 25-percent partnership in a hotel on Corn Island, which represents a $55,000 investment. He said he received the money as compensation from the Government Ministry. Mendieta confirmed Ramirez' statements.

[Mendieta] "We have no evidence indicating that Commander Ramirez was ever involved in drug trafficking or any other drug-related crime. We are aware of Mr. Ramirez' investments, and he has told us that these funds came from payments made by the Government Ministry during his transition and in compensation for injuries sustained in the line of duty."

The government minister today strongly criticized those who want to discredit the PN.

[Mendieta] "You cannot implicate an institution such as the PN, which has demonstrated a high degree of efficiency in the fight against drug trafficking. Furthermore, we believe it is even more dangerous to implicate certain individuals who are in fact involved in drug trafficking." [sentence as heard]

Commander Roger Ramirez stated that he has the full support of Brigade Commander Augusto Fernando Caldera as well as of his commanding officer, Lionel Espinosa, both of whom are well aware of the fact that he requested his discharge for family and health reasons. Ramirez said he has no enemies in the PN ranks.

[Ramirez] "If there is any kind of ill will over this whole matter, as some newspaper reports indicate, I do not think it is coming from the PN. Then again, I cannot say that for a fact, because one minute you think you have friends, and the next they stab you in the back."

Ramirez said his conscience is clean.

[Ramirez] "I think there are some people interested in discrediting me simply because I tried to maintain a professional image within the institution in accordance with the ground rules the government set forth for the institutions that make up the Armed Forces. In the end, I have a clean and peaceful conscience."

Commander Roger Ramirez presented documentation for his partnership in the Corn Island hotel and for his bank accounts and bank deposits, which total less than $12,000.

[Managua EL NUEVO DIARIO in Spanish on 2 May publishes a 475-word report on pages 1 and 8 stating that "EL NUEVO DIARIO has learned that PN Brigade Commander Caldera forced Commander Roger Ramirez to resign." The report goes on to say that "our sources assured us that Ramirez was found to have a checking account with a $240,000 balance, which he could not explain," adding that the "DEA advised Caldera that the funds were from drug trafficking activities." The report warns that "the entangling nets of drug trafficking are gaining ground in Nicaragua," pointing out that "one high-ranking officer has become addicted to cocaine" and the identity of another, "known as the 'narco-policeman,' will soon be released."]

Sandinist Professionals, Technicians View 'Crisis'

PA0805023394 Managua BARRICADA in Spanish 4 May 94 pp 1, 5

[Report by Noel Irias]

[Text] In a summons that exceeded all expectations, an assembly of more than 600 Sandinist professionals and technicians was held yesterday to discuss the FSLN [Sandinist National Liberation Front] congress, the crisis within this organization, and its possible solutions.

Most of these professionals did not participate in the rank and file discussions of reforms to the party statutes.

Generally speaking, the participants who spoke called themselves members of "no particular current" or "dispersed Sandinists."

Speaking on behalf of the Majority current, Carlos Fernando Chamorro said it was necessary to create spaces to allow a regrouping and political expression of dispersed Sandinists.

Chamorro said professionals and technicians should "be viewed in the Sandinist ranks as individuals that have the right to speak and to decide, not as instruments of a group of enlightened."

Upon explaining the position of the current of which he is a member, Chamorro insisted "the renovation of the FSLN must continue; it must go beyond Congress."

Among those present, attorney Gonzalo Carrion and sociologist Luis Mora expressed their opposition to the currents. In particular, Luis Mora harshly criticized the Majority's position.

Prominent businessman Jose Dolores Gomez said he is strongly "opposed to a continuation of the same leadership in the FSLN."

Angela Rosa Acevedo and Mayra Pasos insisted women should have more opportunities for power within the party.

Silvio Prado proposed to declare a permanent session and establish communication networks as part of the current political debate in the FSLN.

Delegates From the Leftist Current Did Not Attend

The results of a poll among the 216 participants has revealed that most of the participants believe it is necessary to change the name of the National Directorate, to legalize currents of opinion, and to establish a single category of FSLN members.

Most participants also expressed their support for the civic methods of protest, territorial election of Sandinist candidates to public office, and power quotas for youths and women.

According to Dr. Alejandro Martinez Cuenca, who organized this event, the original idea was to hear statements from two representatives of each current and then hear the proposals of participants, but the delegates from the Democratic Left did not show up.

Martinez explained Julio Lopez Campos and William Grigsby, spokespersons for the Democratic Left current, and Conapro [National Confederation of Professional Associations] President Felix Contreras were convoked to participate in the debate.

Both Martinez Cuenca and moderator Mario Flores expressed regretted over the nonparticipation of the delegates of that current.

Henry Ruiz: The Most Popular Candidate

The organizers of the event circulated a survey on the main reforms to the FSLN's statutes and on the candidates to the highest positions of leadership within the organization.

The participants filled out 477 answer sheets, and by the time we went to press 216 sheets, namely, 45 percent, had been processed. These partial results were presented by Martinez Cuenca.

According to 47 percent of those whose replies were processed, the possible candidates to the FSLN leadership would be, according to the number of votes, Henry Ruiz, Sergio Ramirez, Dora Maria Tellez, Daniel Ortega, Doris Tijerino, Luis Carrion, Mariano Fiallos, Monica Baltodano, Tomas Borge, Daniel Nunez, Carlos Fernando Chamorro, and Fernando Cardenal.

In addition, Alejandro Martinez, Victor Tinoco, Carlos Tunnermann, Mirna Cunningham, Alejandro Serrano, Leticia Herrera, and Vilma Nunez appeared on the survey.

Approximately 40.3 percent of those polled said the highest FSLN post should be occupied by Henry Ruiz, 18.1 chose Sergio Ramirez, and 17.1 percent preferred Daniel Ortega.

Regarding the second highest party position, those polled preferred Henry Ruiz, with 14.4 percent, Dora Maria Tellez, with 13 percent, and Daniel Ortega, with 12.5 percent.

The assembly was presided over by Alejandro Martinez Cuenca, Ernesto Medina, rector of the Unan [National Autonomous University of Nicaragua]-Leon Branch, Dr. Edgar Morin, attorney Linda Baez, architect Mario Flores, Ramiro Bermudez, and Dr. Benedicto Meneses.

Medina closed the assembly by reflecting upon the issue of tolerance within Sandinism.

JS [Sandinist Youth Association] To Hold An Assembly

In addition, Larry Astorga, JS spokesman, reported yesterday that group will hold a forum on 13 May to discuss and approve a proposal of policies for the sector the FSLN must include.

They will also discuss a proposal of political positions of the JS on the FSLN, Astorga added.

Meanwhile, the Sandinists grouped in the university organizations will hold a similar working session on 17 May.

FSLN's Borge on Aspirations to Party Presidency

PA0605182494 Managua BARRICADA in Spanish 30 Apr 94 pp 1, 5

[Interview with Tomas Borge, member of the FSLN National Directorate, by Noel Irias on 29 April; place not given]

[Text] [Irias] What are the political tasks facing the Sandinist National Liberation Front [FSLN]?

[Borge] We could say that we are placing all our hopes on the FSLN coming out of the congress united, unified, and ready to prepare a strategic plan for the new situation that will emerge with the Congress.

The Sandinist Congress represents the culmination of one phase and the beginning of another during which we must persuade the Nicaraguan people that we are the best choice for governing the country and finding solutions to the many problems and demands that have proliferated in recent times.

[Irias] Is there a threat of division in the FSLN?

[Borge] In all the departments, the rank and file is demanding unity. Any attempt to break this unity will clash with the iron will of the Sandinists.

The struggle must be directed against divisionist maneuvers, if they ever appear, and against attempts to deform the FSLN and create a different party. The struggle must

be directed at preventing an FSLN sector from installing a different tent and waging a struggle against the Sandinist Front.

The majority of the Sandinists favor unity. This explains why an overwhelming majority does not favor endorsing tendencies.

Tendencies can produce division. However, I favor free debate within the FSLN. Nevertheless, I think that debate must take place within the party's confines.

We must try to avoid division. Some months ago several companeros who belong to a specific tendency asked me to run for secretary general of the FSLN.

I told them: "I do not belong to your tendency. Why are you inviting me to be your candidate when you have your own cadres?" They insisted on their offer for some time.

I saw that as a cheap political maneuver aimed at dividing the historic cadres of the FSLN, specifically speaking: to produce a confrontation between me and the secretary general of the Sandinist Front.

I did not fall for that. It was wrong, incorrect, and opportunistic. Had I run for secretary general, I would not have been the candidate for unity, as I could have been ticketed, but the candidate for division.

[Irias] Are you saying that if Henry Ruiz were to run as candidate for secretary general of the FSLN he would be creating conditions that would lead to division in the FSLN?

[Borge] What I say about myself perhaps could be said about another person, but as everybody knows, I prefer not to mention names. I am mentioning mine so that my case can serve as an example of what may happen to other companeros.

[Irias] What kind of leadership does the FSLN need?

[Borge] I have always favored collective leadership. Some reason that the collective leadership was weakened by the current historic situation. In wartime, power and leadership must be centralized.

In my opinion, the collective leadership should cover a broad spectrum.

The limitations placed on the National Directorate as leader of the party resulted from a collective decision. The Directorate decided to centralize authority in the government, in particular, and those who are now criticizing this decision are the ones who endorsed it then.

The Directorate handed its authority over to the government, to the executive, and no one protested at that time.

In existing circumstances we need as secretary general of the FSLN—without detriment to the collective leadership—a companero with historical authority, one who has already demonstrated unselfishness, the ability to go evereywhere, and the firm decision to lead.

The FSLN rank and file has already chosen this cadre.

On the other hand, everybody has the right to aspire to a position in the Directorate for the sake of collective leadership and shared authority, without detriment to the establishment of hierarchies. I favor the FSLN having a president and a secretary general.

The presidency, a position to which I aspire, should be considered a representative of the FSLN, a companero and close adviser to the secretary general, and his substitute.

Why do I seek this position? It is not because of any craving for personal ambition or fame, which I do not need, but because I believe that in this way I would be better able to contribute to a revolutionary leadership, in addition to historical reasons.

[Irias] Aren't you afraid that your statements on eventual candidates for the post of secretary general could increase the contradictions surrounding this debate?

[Borge] I hope there is no internal division over this problem. This is why I reported that an effort was made to lure me in the same way that others have been courted in the search for a secretary general.

I am mentioning this example to invite militants and leaders not to do anything that would contravene the FSLN's internal unity.

[Irias] Would you support Commander Daniel Ortega as candidate for the post of secretary general?

[Borge] I have said that I prefer not to mention names, but I will in this case say that I believe that in the framework of a collective leadership, Daniel Ortega is the most suitable person for the post of secretary general.

I have been very critical of Daniel Ortega, much more than others in the National Directorate and in private.

This critical posture has yielded fruits in recent times. I have found Daniel receptive to criticism. I never sweet-talk him, as some people who now criticize him and challenge him did in the past.

I will never stop being a critic, an adviser, and a nonservile supporter. I will always tell Daniel Ortega the truth as I see it.

Of the current cadres, he is the companero most inclined to criticize. In addition, with the undue will to accommodate him that we demonstrated in the past, we gave him the intransigent and authoritarian image he now has.

I think this is over. Vertical leadership is not possible now. I think that because of his experience, backing, and open ears, the person most suited to be FSLN secretary general is Daniel Ortega.

FSLN's Daniel Ortega Declines Candidacy

PA1005015694 Managua LA PRENSA in Spanish 7 May 94 pp 1, 10

[Text] Daniel Ortega Saavedra, secretary general of the FSLN [Sandinist National Liberation Front], said yesterday he does not plan to occupy the presidency in

1996. He also said he will support a candidate who does not belong to his party, but who supports the Sandinist program.

In his statements to La Primerisima radio station, Ortega hinted that he will not accept Sergio Ramirez as the FSLN's official candidate and confirmed he will support a candidate with no FSLN ties. Ortega and Ramirez are the leaders of two divergent currents that are vying for the leadership of the FSLN. The statements by the current FSLN secretary general tacitly rule out possible support for Ramirez if he decides to become his party's presidential candidate as he has publicly said.

In his visit to the radio station, which shares his political views, Ortega pointed out he would like to be reelected secretary general, adding that it is unhealthy to have several candidates vying for this post. The FSLN leader said: "Several candidacies are unhealthy for a revolutionary party; it would be as though discord were being sown." Such a comment differs from the results of a poll of Sandinist followers conducted by the Nicaraguan Study Institute (IEN), which shows that a large number of FSLN members believes there should be two or more candidates for the post of secretary general.

Henry Ruiz, who has more votes than Ortega to occupy this high leadership post, on 2 May agreed to vie for leadership of the FSLN, which is experiencing one of its worst crises just before its 20 May Special Congress.

The IEN poll also reveals that the FSLN electorate represents only 23 percent of the population: 12 percent in the rural area and 8 percent from those who never attended school. [figures as published] In addition, the poll shows that a large number of Sandinists believes a dictatorship exists within the party.

FSLN Deputy Cited on Party Congresses, Future

PA0705225694 Managua EL NUEVO DIARIO in Spanish 1 May 94 pp 1, 8

[Report by Edgardo Barbena S.]

[Text] Five percent of FSLN [Sandinist National Liberation Front] militants nationwide have participated in prior "ad hoc" congressses or assemblies to discuss the documents of May's congress, thus reflecting the disenchantment of the card-carrying members, according to FSLN Deputy Sergio Ramirez.

Speaking on the Radio Sandino talk show "Face to Face" ["Frente a Frente"], Ramirez discussed the hot topics of the Sandinist debate and cited specific examples of what happened during the last FSLN Congress.

Approximately 3,000 FSLN members participated in the discussion of the documents at the 1991 Congress in Masaya, but at the most recent congress the number of participants did not even reach 400, a situation that was similar nationwide, "meaning the militants do not feel attracted to the party positions."

"As long as those positions are not made accessible, all the people, mostly the young, and not just its militants will move away from Sandinism," the FSLN bloc chief told the radio station. He also cited the scarce participation of young people in party meetings.

More than 300,000 young people will vote in the 1996 elections, so Ramirez used Radio Sandino's microphones to send a message of hope and dreams to adolescents who were born not knowing of the Somoza period and who will vote for the first time that year.

Sergio supported consolidating the unity of the FSLN and said the existence of currents within the FSLN "are mere indications of trends of thought, AND WHENEVER SOMEONE TALKS OF DIVISION AMONG THE CURRENTS, THIS IS A TIMID ATTEMPT TO HIDE THE SUN WITH ONE'S FINGER." [upper case as published]

The currents are not going to cause nor are they causing any division. "Division is caused by the unfit leadership of a party that has to win the elections," the Sandinist bloc chief said in fielding questions by station listeners, including by those who said they were "anti-Sandinists to the death."

During his appearance, Sergio Ramirez made an extensive analysis of what the concept of "vanguard" (call it National Directorate) was during the past decades, chiefly during the Somozist dictatorship, when the militants were totally hemmed in. "But now we do not have an armed party but, rather, a political party that needs to open up to society to win over the support of the thousands of people who will have to vote."

It is contradictory, therefore, that a party that wants to win should be closed, given that in order to win it has to do so in terms of the number of votes, not the quality of the votes, Ramirez said, explaining this entails an opening in the FSLN and the end of categories, "because nobody likes to be discriminated against, to be second- or third-rate militants, or to see some on the first or second floor while others are out on the street."

The view that the FSLN should continue to be ruled by a historic National Directorate that used military means to fight the dictatorship is inappropriate, "and that is why we need to create a new party based on massive affiliation that needs to have a national council of directors and not a historic National Directorate, because that structure corresponds to a phase superseded within the FSLN."

"Face to Face" host Orlando Gomez mentioned that 10 hours earlier Rene Vivas had said in the same radio station during the program "Eco News" that the proposal of a Sandinism ruled by the majority "is a trend that tends to make the FSLN shift to the right."

Commenting on Vivas' remarks, Ramirez said "I do not believe this is an ideological problem but, rather, a political problem," and if one is proposing democracy within a party and the proposal is regarded as a shift to the right, it seems to me this creates unnecessary confusion."

Talking about those who use insult and slander as weapons to disqualify others within the Sandinist debate, Ramirez said that was a mistake, because whenever there are insults, slanders, and disqualifications," that means someone ran out of arguments, and that is serious in a political discussion."

"I believe the party members are interested in hearing a discussion of ideas, although they may be contradictory, because we can reach through ideas new elements "that give us new unity within the party." "If I get called a rightist for expressing an idea, then the person on the other side already lost the discussion," Ramirez said, citing something Unan [National Autonomous University of Nicaragua] President Mariano Fiallos had said some years ago about two people who were holding a discussion. When one of them lost the argument, he said: "The truth is I will not continue to argue with you, because you are really ugly, and that is how the discussion ended."

The easy thing to do to downplay the political debate pertaining to the FSLN's future "is to simplify it by saying it is a struggle among individuals, and a struggle among individuals is not valid when dealing with matters as important as the ones we are experiencing within the FSLN."

This is a matter of positions "such as mine in favor of the overall renewal of the FSLN so that it will become a viable party in the face of society, attract voters, and cease to be a minority party, which is what it is following the 1990 elections, so it can allow us to gather the different social groups of the many people who did not vote for the FSLN in 1990. [no closing quotation mark as published]

Sergio said the FSLN must proselytize, and "we must not be afraid of the world electoral proselytism, because we cannot return to a government through any means other than an election. To win the elections we need votes, and we will not win votes if we continue to isolate ourselves from society."

Topics such as relations were broached during the program. Ramirez said "this offends some within the FSLN ranks who claim to be anti-imperialists and yet have 10-year visas to enter the United States, whereas "some of us have trouble getting a visa for just one occasion."

Those irked by this topic, including people who have been born in, lived, and studied in the United States, "are the ones who do not accept the humble anti-imperialism that some of us Sandinists have shown during our work for national sovereignty." The FSLN deputy affirmed he is neither morbidly anti-imperialist nor a royalist [principista]. In conclusion, the Sandinist leader called on the members of his party to gain stature in the debates and not fall for provocations. To those who side with any line of thought, he said "the only advice I can give you is not to stop thinking. Never imagine others can think for you; do not mull over what others have mulled over before."

"What a person must not do is allow someone else to tell him what he should think. Do not allow someone to play cassettes in your head, because human beings are not tape players," Ramirez said.

Sandinist Economist Criticizes Credit Policy

94CA0104A Managua BARRICADA in Spanish 5, 6 Apr 94

[Part I of two-part article by Alejandro E. Martinez Cuenca]

[5 Apr p 7]

[Text] As the month of March drew to a close, we once again saw the public agenda marked by debate on the economy.

Nevertheless, the most striking thing that happened all month long was a sinister and unnoticed circular that the recently appointed board of directors of the National Development Bank (BANADES) sent to all producers enjoying access to that institution's services. The circular in question stated that effective 31 March, two options were being presented for all credits heretofore contracted for: either seek the protection of clause on the maintenance of value at an annual rate of 14 percent or, if the producer did not respond in writing before the fateful date in question, continuation of his credit without any maintenance of value, but at a new rate of interest that would no longer be 17 percent annually, but rather, 29 percent and subject to quarterly review!

After doing a lot of addition, subtraction, multiplication, and division, those who received the circular were surprised to see that no matter which of the two options offered by BANADES they chose, their individual situation would tend to get worse. They naively wondered whether the bank had not perhaps made a mistake because they were asking for help, not for their situation to get worse!

If, with a rate of 17 percent they were already on the brink of the abyss, either one of the two options now being presented to them was actually only asking whether they preferred to plunge to a valley a thousand meters below them or land in a rocky river 2,000 meters down! In either case, they would fall and be killed, no matter what!

Borrow 100 and Give Back 200

If the bank loaned a specific producer let us say 100,000 cordobas in 1992 to make some improvements in his plan of production, a loan to be paid off in five years with a one-year deferment, the fateful notice informed him that, effective 31 March, instead of repaying 167,997 cordobas for the 100,000 that the bank had loaned him in 1992, he now had the option of paying 192,000 if he did not apply for the clause on the maintenance of value, or 196,000 if he did, in which case the reward would be that his interest would be lowered from 29 to 14 percent.

The lack of logic in the "logic" had peaked. The producer had merely to pick the type of terrain on which his dead body would finally rest!

In the meantime, the government insisted there was no other alternative because otherwise, it would have to grant subsidies or report losses causing it to fail to meet its commitments. Both government and private bankers backed the state's logic, arguing that it had to build up its capital and could not absorb losses incurred by keeping that body now on the brink of the abyss alive.

After all, for the "efficient" government technocracy and a few of those bankers, fate had decreed that death would indeed occur and they thought this was just fine. After all, they do not think the "productive" sector knows how to work, is inefficient, and lives off the trough, having started to do so long before 25 February! It has always done so, failing to pay back debts or its taxes and diverting securities.

Confidence?

The logic that arises out of an understanding of the phenomenon of Nicaragua is that there are several reasons why the productive sector is broke. The undeniable fact is that it is broke and will require a great deal of effort and support if it is to become a driving force of the Nicaraguan economy.

In addition, an atmosphere of confidence must be created in the country in order to make it possible for the measures which the government is taking to yield fruit within an as-yet undetermined length of time.

And yet, what the circular did was to attack both premises, officially confirming that not even the government or its institutions have confidence in themselves.

If the producer in our example, which might be one of those affected by the new provision, is involved more in domestic production rather than in activities strictly aimed at exports, his calculations are in cordobas rather than dollars. He takes in and spends cordobas. Under the new BANADES policy, this same producer is being asked—if he does not opt for maintenance of value—to pay, rather than 67,997 cordobas in interest in six years (which is already killing him!), the sum of 92,000 cordobas in six years, while also amortizing the 100,000 loaned to him.

If this producer should opt for the 14-percent rate, his interest payment will go from 67,997 to 69,354 cordobas. However, the principal he has to amortize would go from 100,000 to 127,064, meaning that he would end up paying a total of 196,419 cordobas.

In both cases, the bank and the government deplete the producer's capital!

[6 Apr p 9]

[Text] In drawing up the table below, we based our figures on the assumption that during the 1994-1998 period, the policy of devaluation would continue as it has worked so far, with a slip of 12 percent in the rate of exchange annually. This would mean that, on 31 March of every year, the rate would be 7.28 per dollar in 1995, 8.15 in 1996, 9.13 in 1997, and 10.23 in 1998.

If the government had confidence in the soundness of its policies and we turned the payments into dollars based on the previously mentioned rates, the bank could even lower the 17-percent interest rate without any maintenance of value and still recover the entire loan of 100,000 cordobas granted (equivalent to $20,000). This would be logical if what one wanted to do were to recapitalize the productive sector. For this precise purpose, the government takes in enormous amounts of foreign aid in gifts and on extremely soft terms.

As a result of the BANADES board of director's circular, a producer loaned the equivalent of $20,000 in 1992 is now being asked to pay, instead of the $22,037 that he would have to pay if the interest rate stayed at 17 percent and without any maintenance of value, the sum of $25,000 without applying for any maintenance value and nearly $25,200 with it.

In other words, there was no need to change the terms of the credits since, as demonstrated here, neither the government nor the bank lost anything based on the situation existing before the circular.

By its own action, BANADES has made it clear that: either they are not confident that the rate of exchange will behave in this manner—in which case it would be introducing a factor of great instability that attacks its own logic, by encouraging the people to doubt the magnitude of future devaluations—or the government and its institutions have truly not understood the meaning of the need to capitalize the sector called upon to be the driving force of the Nicaraguan economy.

If the priority is to save the productive sector, no one is asking who will pay for the medicine. After all, if we seek such a reply, we might come to the tragic conclusion that if this government cannot, then the best thing for it would be for the patient to die and get it over with! Which is unacceptable and demonstrates an absolute lack of logic.

If our producers have no capital left, the government must make a commitment to contribute to their capitalization. This cannot be done based on short-term planning or within the framework of an account-based, strictly commercial vision in which everything must come together simultaneously and without giving time a chance to do its work. It may be that today, applying medicine implies having to leave an account receivable for a later date in exchange for curing the patient.

This would be the most logical thing of all and yet they are asking precisely the opposite. What the notorious BANADES circular does is merely give them a choice of what type of bed their falling body will finally come to rest in, rather than the prospect of life and progress!

Finally, Some Advice

Before choosing your final resting place, dear producer, I would advise you to consider the following:

1—The credits that you have received do not necessarily have the same makeup and structure. Consequently, analyze every credit individually before choosing a single option from those offered to you by the bank. You will find that no single rule is the best for all cases, except the rule telling you to get out of all the credits you can as soon as possible.

2—If your credit has at least five more years to run and amortization is set up to be accelerated in the final years, it will then be to your advantage to choose the option of not maintaining value even if you have to pay 29 percent in interest annually. However, if your amortization schedule is uniformly prorated, it may be more advantageous to choose the option of maintaining the value at 13 percent as your final resting place.

In either case, neither of the options is a good one, but one can at least choose the lesser evil!

Situation of Producer Borrowing 100,000 Cordobas in 1992 With One-Year Deferment and Five Payments To Amortize Loan (in current cordobas)

Principal	Without Maintaining Value	Without Maintaining Value	Maintaining Value
100,000	17%	29%	13%
Date Issued	31 March 1992	31 March 1992	31 March 1992
Subtotal of interest accumulated 1993-1998	67,998	92,001.98	66,831
Subtotal amortization 1994-1998	100,000	100,000	127,064.5
Grand total (interest + amortization)	167,998	192,001.98	193,896.66

Industry Needs Government Subsidies

94CA0102B Managua LA PRENSA in Spanish 29 Mar 94 p 14

[Commentary by Ricardo Alvarado N.]

[Text] No one doubts that industrialization may be the only option for achieving economic development; we cannot pin all our hopes on the primary sector (agriculture, livestock, etc.). There is no question that if we want to achieve a higher standard of living, we must build a sufficiently vigorous and original industrial network to take advantage of the country's natural advantages, and consequently, to contribute effectively to the growth of the gross domestic product [GDP].

Thus, it is antitechnical and even counterproductive to expect that exporting a few nontraditional agricultural products or enthusiastically supporting the assembly line industry [maquiladora], especially if there is no accompanying transfer of technology, is the way to assume responsibility for integral development, a responsibility that we as a nation must assume for the benefit of present and future generations. The assembly line industry and feeble primary-sector exports are mere bandaids that temporarily and partially alleviate the crippling problems of hunger and unemployment.

A multitude of diagnoses show that the industrial sector in Nicaragua is going through a crisis, moving ever closer to extinction. Its share of the GDP has fallen from 31.8 percent in 1978 to 17 percent in 1993, and its annual per-capita GDP income is now three times smaller than it was. And regardless of the many different controversies that may arise concerning the positive or negative aspects of the historic Common Market and the catalytic cotton parameter [as published], the fact is that in those years Nicaragua's industrialization process was experiencing tremendous growth; and in spite of the "import substitution," which has such a bad reputation among certain economists today, the existing industrial system provided a solid foundation of support for the country's economic development.

To be sure, adjustment policies have a direct and indirect impact on whether an industrialization process moves forward or backward. Yet it is clear to everyone that poor countries such as Nicaragua are meeting with mathematical precision all kinds of requirements with respect to eliminating subsidies and throwing the doors wide open to outsiders, knowing that no rich, developed country would destroy itself with the same restrictions. Quite the contrary, in those countries protectionism, tariffs, and technical regulations zealously guard the safety of the productive apparatus.

There are examples galore, and the adjustment program was not born yesterday, even in Nicaragua. Overcoming the adjustment successfully depends on the capacity, leadership, and creativity that the government must display to be a reformer without being an exterminator. It is not a question, therefore, of repeating the well-worn excuse that the government, in keeping with its neoliberal facade, should not intervene. Of course it has to intervene, and it should intervene, but as a genuine facilitator, promoter, and leader, not as a *caudillo*. The policies of the World Bank and the IMF may be inflexible, some might say brutal, but the government should not blame its "limitations" on external conditions. Rather, it should be sufficiently capable and intelligent to respond efficiently to its role as an active guiding force rather than a passive observer. Examples abound: In Chile, the "Chicago Boys" promoted the free market, but substitute "production" for the Chilean state's service capacity. And in Mexico, as Dr. Salinas himself has pointed out, "the decisions are made by the people, not the bureaucrats." In that country, local councils, invoking the participation of civil society, decide how the resources derived from privatization will be used.

In those countries, even though the governments are pursuing neoliberal policies, adjustment policies, or whatever, they are sensitive and astute enough to get the most out of the reforms to benefit their people.

In Nicaragua, a greater effort should be made to take on a creative role under the authority of a healthy leadership that exudes confidence. In the specific case of industry, the government must subsidize and protect, with finesse and cunning, but without severely disrupting the adjustment process. There are so many forms of subsidies that can allow our industry, especially small-scale industry, to recover gradually. It is unfair to expect the productive sector to pull itself up by its bootstraps. The government must compromise and accept that it "did not determine what, how, or how much to produce," it is philosophy, and only philosophy.

At first, the government must reach a consensus with industry leaders and agree on all pertinent measures to revive the sector and enable it to compete on an equal footing. Chile, Japan, Italy, and other countries did not necessarily build their industries by leaving them to their own devices.

Thus, the inflexibility of the World Bank or the IMF and the adjustment are not the sole, evil cause of our industrial depression, and the overall slump in production. The secret lies, simply, in knowing how to function as a real government, a creative and steadfast promoter and facilitator. A leader, not a *caudillo.* And apparently, there is still time to mend its ways.

Profitability of Cotton Merits Attention

94CA0102A Managua LA PRENSA in Spanish 29 Mar 94 p 14

[Commentary by Manuel Esquivel Acevedo]

[Text] I feel compelled to disagree totally with the opinion expressed by Attorney Juan A. Munguia, president of the National Development Bank. There are at least five factors that the government should be aware of before it reaches the conclusion that there are not enough funds in the National Development Bank for cotton production.

1. Is Mr. Munguia out of touch with reality?

Anyone who lives in Leon or Chinandega knows how serious the crisis is in this western region. The level of unemployment in areas where peasants are out of work is shocking, and 100,000 manzanas of land lies fallow, out of production thanks to bureaucrats like this one.

2. The current neo-agricultural policy of the Development Bank:

This financial institution was founded to deal with sectors like cotton that have an impact on the country's economy. There are three factors that the governments' Economic and Productive Committee should be aware of:

a. Cotton is a crop that farmers are familiar with, and they have mastered the techniques of growing it.

b. According to German Technical Aid (GTZ), cotton is grown today with superior technology and at reasonable production costs.

c. The price of $76.60 per gold quintal, given current costs, makes this a profitable activity that would bring in substantial amounts of foreign exchange for the country.

3. The possibility of shoring up the cotton loan portfolio:

Cotton is a financial activity that is loaded down with balances and restructuring. Yet the international price could turn cotton into a profitable activity again and help cotton producers with their debts. It used to be said that "a cotton debt can only be paid with cotton."

4. The generation of employment in the western region:

The cultivation of cotton generates much direct and indirect employment, so there is an urgent need to create profitable initiatives that will create jobs. Besides, did not the current government promise the people prosperity? Is not the role of government to create jobs to benefit the poorest and neediest segments of society? This is an opportunity to make up for the negative consequences of the neoliberal financial policies that are so dehumanizing.

5. Set up a consultation with cotton experts:

The economic importance of this crop and the foreign currency that it can bring into the country mean that we need a more prudent consideration of the matter than an attorney can provide. I suggest that we consult with people who know the field and who can also help arrive at a more comprehensive, professional, and prudent decision based on consensus, rather than the decision made by Attorney Munguia, which I consider to be dogmatic and irresponsible. It should be noted that one swallow does not make a summer, and, on the other hand, the suggestion "Cobbler, stick to your last" comes to mind.

In conclusion:

- I suggest that we pay more attention to the real plight of our people, who are jobless, hungry, poor, etc. This will only lead to social instability, and in short, a minimal private and foreign investment.
- We need to orient our resources toward profitable initiatives that producers are familiar with and that can contribute to the improvement of the bank's cotton loan portfolio.
- Unemployment in the western region and banking and financial reforms should not be handled in a dogmatic manner, or without consideration for the people's socioeconomic interests; the socioeconomic interests of everyone are one thing, and lending the bank's money to serve the interests of a single group is quite another.
- Be open to the different options for financing cotton production, because peasant unemployment and idle land are not conducive to social stability; on the

contrary, all social tension or social tranquility begins in the countryside.

Panama

Perez Balladares Comments on Election Victory

PA0905233794 Panama City Radio Exitosa in Spanish 2210 GMT 9 May 94

[News conference by President-elect Ernesto Perez Balladares with unidentified reporters upon his arrival at the Presidential Palace; broadcast in progress—live]

[Text] [Reporter] ...do you think there should be a second round of elections in the next electoral process?

[Perez Balladares] This has not been the custom in the past. Traditionally, victory has always been acknowledged with less than 50 percent of the vote. However, this topic could be discussed. I believe Panamanians have the last word on this issue.

[Reporter] What do you expect of the meeting you will have with President Endara?

[Perez Balladares] President Endara announced a long time ago that he would invite the elected candidate, immediately after his victory, to start talking about government transition issues. He has kept his word by inviting us this afternoon, and we accepted his invitation with pleasure.

[Reporter] How does Dr. Perez Balladares assess this invitation?

[Perez Balladares] I believe it is part of the democratic process, of the change of government that has to take place on 1 September. President Endara, in keeping with his promise, is trying to make the transition as smooth as possible to benefit the entire country.

[Reporter] Does the meeting have an agenda?

[Perez Balladares] No, there is no special agenda. We are going to talk about general topics, I suppose.

[Reporter] [Question indistinct]

[Perez Balladares] No, not yet.

[Reporter] Drug trafficking is becoming a problem in Latin America. Panama is becoming an essential bridge for drug trafficking activities. What are you going to do to stop drug trafficking activities during your administration?

[Perez Balladares] We will do all we can to stop drug trafficking activities and the use of drugs in our country.

[Reporter] Including the laundering of drug money?

[Perez Balladares] Yes of course.

[Reporter] What measures will you implement?

[Perez Balladares] Well, we will implement many measures, but this is not the right time to discuss this issue.

[Reporter] The voting results show you still do not have a majority in the Legislative Assembly. How do you think this will influence your government?

[Perez Balladares] I believe we have the obligation to accept the mandate of the Panamanians, and they have not given us a majority in the Assembly. This will force us to find ways to talk and communicate with other political forces so our government program can [words indistinct].

[Reporter] At a news conference this morning, Ruben Dario Carles said he would make a better president than you. [words indistinct]

[Perez Balladares] That is not what the Panamanian people think. Thanks boys.

[Reporter] [words indistinct] opposition to President Endara's government?

[Perez Balladares] What did you say?

[Reporter] You have always been against President Endara's government. How do you think [words indistinct]?

[Perez Balladares] I think it will go well. I believe the Panamanian political sector has shown extraordinary maturity during this electoral process, and this shows—it is an effort we have all made, including President Endara—a commitment to continuing on this path, and it shows that we have a commitment to fully democratize the country. Without doubt, the phase of confrontation and distrust has ended, and the country is opening the door to the 21st century with greater political maturity. Excuse me, boys, I have to go. The president is waiting for me.

Grants 'Exclusive' Interview

PA0905154194 Panama City LA ESTRELLA DE PANAMA in Spanish 9 May 94 p A1

[Report on "exclusive interview" with presidential candidate Ernesto Perez Balladares of the Democratic Revolutionary Party by James Aparicio at the International Hotel in Panama City on 8 May; all quotation marks as published]

[Text] Ernesto Perez Balladares, virtual president-elect of Panama, has appealed for the building of a future Panama "united, without hate, rancor, or revenge," and he announced that the country is entering a new stage of national life in which one must prepare to enter the 21st century.

Perez Balladares, 47, was proclaimed the Panamanian presidential candidate for the Democratic Revolutionary Party [PRD] on 31 July 1993. He will govern for the next five years, with his two Vice Presidents Tomas Gabriel Altamirano Duque and Felipe Virzy, all founding members of the PRD.

"The time of electoral confrontation has passed and we must enter the 21st century with a vision of the future, with a commitment to our children and grandchildren,

"without returning to the past or linking with the past," Perez Balladares said in an exclusive interview with LA ESTRELLA DE PANAMA.

From the opposition PRD campaign headquarters in the International Hotel, Perez Balladares said his election "is a very big challenge which we gladly accept."

"We foresaw it a long time ago, as it was predicted by the polls," Perez Balladares stated.

"We want to do what we pledged during the campaign, by appealing to all Panamanians for national harmony so that tonight we can close the electoral chapter and join together to work for the best national objectives," Perez Balladares told LA ESTRELLA DE PANAMA, after learning the results of the exit poll."

Perez Balladares said political banners will return again in five years, "when we have elections again, when the democratic process will again be respected and the winner of the elections will be recognized."

Regarding the composition of his council of ministers, once his victory is confirmed, Perez Balladares said he is inviting an undetermined number of "those who have been our adversaries and some independent forces" to join us.

"We are sure that very soon we will be able to count on the participation of these gentlemen and on members of our party (the PRD) in a cabinet that will work in harmony for national interests," Perez Balladares added.

Regarding relations with the United States, Perez Balladares said that his election "closed the black chapter of military intervention" that began on 20 December 1989.

"The election of my government has made it clear that this sad page in the history of both countries has been turned," Perez Balladares stressed.

"We hope our relations (with the United States) become better every day because we must cooperate to meet the timetable from now until 31 December 1999," he said.

He added that Panama wants "closer" cooperation with the United States on drug trafficking and money laundering, as well as with other countries "which see in the scourge of drug trafficking a national problem as we do."

Commenting on the future of the Canal and U.S. military bases, Perez Balladares said that it is best for both countries "to comply with the Torrijos-Carter Treaties."

"This means that on 31 December 1999 the Canal will be Panamanian and will be managed totally by Panamanians."

According to Perez Balladares, on that day (31 December 1999) there should be no more U.S. troops in Panama, adding that if the United States wants to renegotiate an extension of their presence beyond the year 2000, "they must state that desire."

He warned, however, that his government would have to be convinced "that there is a common enemy and that U.S. military interests coincide with Panama's."

Perez Balladares said he hopes Panama will return to the times of General Omar Torrijos, when the country was "respected for our dignity and our serious and straightforward attitude."

In terms of the country's economic future, he said he will begin a dialogue to introduce Panama into areas that are most appropriate for the country in order to be directly included—without going through regional integration blocs—in the NAFTA signed by the United States, Canada, and Mexico.

"If we do not manage to do this directly, we will begin integration contacts with the Common Market of the South (Mercosur)," he noted.

On the subject of banana quotas imposed by the EU since July, Perez Balladares said that the measure "is very harmful" for us and should be resolved through the GATT.

Comments on Ties With U.S., Cuba

PA0905235994 Panama City TVN Television Network in Spanish 2237 GMT 9 May 94

[News conference with President-elect Ernesto Perez Balladares by unidentified domestic and foreign correspondents at the presidential palace in Panama City; broadcast in progress—live]

[Text] [Perez Balladares] ...he fulfilled his promise and we discussed the transition and the teams that will work together to complete that transition within the deadline established by the law, so that on 1 September we will not have to delay state affairs due to a lack of knowledge about them.

[Correspondent] [Question indistinct]

[Perez] Pardon me?

[Correspondent] [Question indistinct]

[Perez] We will do that as often as necessary, of course.

[Correspondent] Will you (?begin working) prior to 1 September?

[Perez] No, no, no. The president is president until 1 September. We must respect him as president of the Republic until 1 September, and after that as former president.

[Correspondent] What mechanisms will be used for the transition?

[Perez] Teams will be formed and they will work together from now until 1 September, thereby ensuring a trauma-free transition.

[Correspondent] Is it true that your government will have another type of team apart from the Democratic Revolutionary Party?

[Perez] I have said I will form a broad-based government, if that is what you are referring to. We are still working on that.

[Correspondent] Doctor, what about the future of government employees?

[Perez] At ease. I have no doubt whatsoever that the government employees know perfectly well that I intend to respect them and to hasten as much as possible the approval of the administrative career.

[Correspondent] Dr. Balladares, what will relations with the United States be like?

[Perez] We hope they will be elevated in character because our countries are united by common interests. I do not have the slightest doubt that this will be the case and that between the two countries we will do things to improve the Panamanian people's lives.

[Correspondent] President Carter said today that President Clinton's prospective ambassador to Panama is Robert Pastor. What do you think of that?

[Perez] I do not know. President Endara and his administration will have to decide that. I will respect their decision.

[Correspondent] Endara said he was delaying the (?angry man) until after the elections.

[Perez] The elections are over.

[Correspondent] Can you tell us how these teams will work? Will they be part of a ministry or independent?

[Perez] They will be appointed by President Endara and I and they will work together so that we will keep abreast of matters pending completion.

[Correspondent] [Question indistinct]

[Perez] No, no, no. Outside. [Word indistinct] the presidency.

[Correspondent] There is a fear of a return of militarism. This was the first weapon used by your political opponents.

[Perez] Looking at your pants, yes.

[Correspondent] Doctor, what about relations with Cuba?

[Perez] Relations with Cuba will be exactly like relations with any other country in the world. I hope they will be elevated in character and respectful; each country has its political system and I demand respect for both. In other words, they must not meddle in our affairs, nor we in theirs.

Rejects U.S. Influence in Administration

PA1005042994 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0230 GMT 10 May 94

[Interview with President-elect Ernesto Perez Balladares by correspondent Veronica Duran; place and date not given; from the "CMI Newscast"—recorded]

[Text] [Perez Balladares] Torrijos always said we had two countries with which we sleep every day: Colombia and Costa Rica. Of course, they are our neighbors, and we want to have very close, cordial, and helpful relations with them.

[Duran] What will be your position vis-a-vis the United States?

[Perez Balladares] One of respect. I believe the Torrijos-Carter Treaties are our best references. We, as well as the United States, know that respect is the best way to ensure good relations and that the implementation of and compliance with those treaties are fundamental to positive relations between our countries.

[Duran] Is it true that Panama is a U.S. puppet?

[Perez Balladares] No, God forbid. We, however, do have many joint interests in the Panama Canal enterprise. Those interests will continue, but with the difference that the Canal will now be managed entirely by Panamanians. No, Panama is not a U.S. puppet.

[Duran] Does the United States influence the government in any way?

[Perez Balladares] The current government?

[Duran] Yes.

[Perez Balladares] Well, you will have to ask the president that question. In my administration, there will be a great deal of respect and consideration, but no influence.

[Duran] Do you see any political future for [presidential candidate Ruben] Blades?

[Perez Balladares] I believe that, in addition to youth, some political experience is required, and Ruben, who is my friend and whose music I enjoy, does not have it. I, of course, offer him the opportunity to acquire this experience during my government.

Meets With Arias Calderon

PA0905194694 Panama City Telemetro Television Network in Spanish 1730 GMT 9 May 94

[From the "Telemetro Reports" newscast]

[Text] Ernesto Perez Balladares early this morning visited Dr. Ricardo Arias Calderon, the outstanding opponent of the military regime that ruled this country until 1989. "Telemetro Reports" has an exclusive report.

Ernesto Perez Balladares, virtual president elect, made his first visit this morning to Christian Democratic leader Ricardo Arias Calderon. Perez Balladares paid his respects to the man he called one of the main champions of democracy in Panama.

[Begin recording] [Unidentified reporter] Dr. Perez Balladares, why are you visiting Dr. Ricardo Arias Calderon?

[Perez Balladares] Dr. Arias Calderon has been an outstanding champion of democracy in Panama. I have been favored by an electoral process held in a time of democracy. I wanted to tell Dr. Arias Calderon, and I have done so, that he can rest assured that we are also

committed to democracy. In addition, with this small gesture, I want to tell the country that we are moved by the best spirit of national reconciliation. There are neither vanquished nor victors in Panama. I think all Panamanians have won, and naturally there is no hatred or rancor. We are planning to work, everyone united, to attain our national goals. I wanted to come and tell Ricardo about this.

[Reporter] In a few months you are going to take over as president of the Republic. Are you going to rule with opposing parties in view of the election results?

[Perez Balladares] I want to invite all Panamanians, regardless of their political inclination, to make this government what the country needs to enter the 21st century united. That means—and I am not evading your question—that I am going to invite some people who have been my adversaries and some who belong to other political parties to form part of the government. I think it is necessary. I am fully aware of the fact that two-thirds of Panamanians chose other candidates. It is true that I have won, but two-thirds of the Panamanians saw better things in other candidates. I have to accept that with much humility, and therefore I want to form a government that will reflect that national feeling.

[Reporter] Dr. Ricardo Arias Calderon, you have just heard Dr. Perez Balladares' opinion. What do you have to say about this visit and about the other things that only you and Dr. Perez Balladares discussed?

[Arias Calderon] For 21 years I struggled against the dictatorship so we could live in democracy. Now that democracy has born fruit in the most honest and peaceful elections that we have had for as long as I can recall, I admit that he has won the elections honestly and that he is the president-elect of Panama. I appreciate his visit to my home. He has given me the opportunity to talk with him about national problems, about things that worry the people, such as keeping public security demilitarized. He has reiterated his pledge to me—just like he has done to the country—that it will be that way. I have strengthened his concern about the administration of justice, that it must be handled so their is not the slightest suspicion of bias or politics. That is something that the country needs. I have spoken of the need for a joint effort, just like he has spoken of it, for an economic development that will stamp out unemployment and help the thousands of men and women who are jobless.

We also spoke about how to prepare the country to manage the Canal. I think the president-elect is looking to the future. I am certainly looking toward the future. I will support all measures that are positive for Panama, and I will practice a democratic and constructive criticism in everything that I believe can be improved. He has invited me to voice my opinions frankly, and I have done so. I appreciate his kind gesture today.

[Reporter] Dr. Arias Calderon, in the face of this joint task ahead for the president-elect, did he make any offer for the Christian Democratic Party [PDC] to rule jointly with the PRD [Democratic Revolutionary Party] in the pursuit of better social programs for the country?

[Arias Calderon] We did not talk about political offers because that does not concern me. I am not the PDC president. The party president is Raul Ossa, and the PDC candidate is Eduardo Vallarino. I have spoken as one Panamanian to another, as a Panamanian who struggled for democracy with a Panamanian who has been democratically elected president. We have not discussed offers at all; that was not part of the agenda. [end recording]

Opposition Candidates Concede Defeat

Arnulfist Candidate

PA0905174794 Panama City Circuito RPC Radio in Spanish 1645 GMT 9 May 94

["Excerpt" of news conference by Mireya Moscoso de Gruber, presidential candidate for the Democratic Alliance, with unidentified reporters at the Arnulfist Party headquarters in Panama City—recorded]

[Text] [Moscoso] I have called you to a news conference today on behalf of the Democratic Alliance to publicly congratulate Ernesto Perez Balladares on his victory in the presidential elections. In addition, I want to publicly recognize and congratulate the president of the Republic for giving us peaceful, democratic elections, the likes of which we have not seen in many years. We wish Ernesto Perez Balladares and his new government team success.

[Reporter] What will the political future of the Arnulfist Party [PA] and the Democratic Alliance be?

[Moscoso] We had a wonderful campaign with the Democratic Alliance and have shown that opinion polls were completely manipulated here. The figures we are seeing today, which represent 90 percent of the votes, show that we are only 4 percent behind Perez Balladares and that we were the party in second place, that we were always behind the PRD [Democratic Revolutionary Party]. We will remain united. This alliance will stay united. Of course we will have legislators in the next Legislative Assembly, and the Democratic Alliance will work together.

[Reporter] How does the PA view the future of our country under a party like the PRD, which previously held the government in our country?

[Moscoso] Of course the PA views the PRD with some concern after the experience of previous years. Nevertheless, we hope that Perez Balladares will be accompanied by the best men and that he will govern for the people and not for a party.

[Reporter] Perez Balladares said he wants a government in coalition with all parties and urged them to participate. Would the PA be willing to participate in a PRD government?

[Moscoso] First we would have to receive that invitation from Perez Balladares and then consult with the National Directorate of my party. I cannot answer that question now.

Doctrinaire Panamenist Candidate

PA0905172694 Panama City Radio KW Continente in Spanish 1600 GMT 9 May 94

[Interview with Jose Salvador Munoz, president of the Doctrinaire Panamenist Party, by unidentified correspondent; place and date not given—live or recorded]

[Correspondent] Can you give us your opinion on the electoral process yesterday?

[Munoz] I gladly take this opportunity to address the Panamanian people and to congratulate them on my own behalf and on that of my party for the civic spirit demonstrated yesterday. It shows that we have matured a great deal. I hope that the same civic spirit displayed yesterday will serve all of us Panamanians to demand that our government leaders keep their promises.

We now have two processes: We concluded one, which was to elect our government leaders. The next one, the next stage of this democratic process, is to demand of our government leaders the fulfillment of the mandate we have bestowed on them. I am drafting a note to Dr. Ernesto Perez Balladares congratulating him on his victory and reminding him that our country faces serious problems in the next five years and that all Panamanians hope he will always act in the interests of our fatherland.

[Correspondent] There are many people in Panama, especially the adversaries of Dr. Perez Balladares, who believe that the PRD [Democratic Revolutionary Party]—which we assume won the elections—could signify a return to militarism, reprisals, and persecution. How do you view the PRD's return to power?

[Munoz] I have no doubt whatsoever that some people will try to collect on the debts they are owed, so to speak. Nevertheless, I think that Dr. Perez Balladares has enough talent to realize that such a situation in Panama would cause a confrontation. He must also understand that even though he won, he has 70 percent of the people against him. He won with 30 percent of the votes, which we must respect and support, but he also has 70 percent of the people against him. I don't think that he, being the talented man that he is, would allow the feelings or the political misconceptions of some party member to create a situation for him that would provoke a confrontation, which would make it even more difficult for his government. I don't think that will happen.

[Correspondent] Do you consider yourself part of the opposition to Dr. Ernesto Perez Balladares?

[Munoz] I am another Panamanian who headed a political party. I am waiting with my party for a reasonable time period to pass to take the political measures we consider advisable.

[Correspondent] Thank you for your statements to Radio KW Continente.

[Munoz] Thank you again for the opportunity to reiterate my message to the people congratulating them for the way they behaved yesterday and to remind them that it is the people's obligation not only to vote but to demand of their government leaders fulfillment of their promises and, therefore, to demand their attention whenever they deem it necessary. Thank you very much.

Change '94 Candidate

PA0905184594 Panama City Telemetro Television Network in Spanish 1706 GMT 9 May 94

[Statement by Guillermo Quijano, Change '94 vice presidential candidate, at campaign headquarters in Panama City—live]

[Text] Citizens: The current times require a great deal of reflection and positive attitudes for the the nation's future. Change '94 presented to the voters the best government program to be implemented by a team of men and women individually and collectively qualified. This is very true in terms of ability, proven honesty, and democratic convictions.

The nation will be ruled, starting on 1 September, by a mandate of a minority of the voters in keeping with our current laws. Change '94 becomes, as of this moment, a constructive and overseeing opposition that will guarantee the necessary balance to watch over the democratic system and the honest execution of government actions.

We are very proud of the work we carried out and of the plans we presented to the nation. We give our eternal and sincere appreciation to the thousands of Panamanians who believed in us and who supported our electoral plans and proposals. The political support we received represents the desire of those who wished to guarantee the nation's best interests, and that gives us peace of mind as citizens.

We recognize the national government for offering the nation a clean and transparent electoral process, thereby imposing on the newly elected government the commitment to do the same in 1999. We admire and respect our political allies, friends, and associates for all their work and efforts. Once again, we are satisfied because we have served Panama while reiterating our firm willingness to continue to do so. Thank you very much.

Endara Recognizes PRD Victory

PA0905221694 Panama City Radio KW Continente in Spanish 1950 GMT 9 May 94

[News c ference by President Guillermo Endara with foreign and domestic correspondents at the Presidential Palace in Panama City on 9 May—recorded]

[Text] [Radio KW Continente correspondent Carmen Villamonte] President Endara, Mrs. Mireya Moscoso de Gruber has formally conceded Ernesto Perez Balladares'

electoral victory. What is your opinion on this and what future do you see for the Arnulfist Party?

[Endara] Ernesto Perez Balladares' victory is unquestionable. Dona Mireya has recognized this because she is an honest politician who believes in and defends the truth. She does not believe in maintaining an air of uncertainty. Furthermore, this democracy we saw in full bloom yesterday, and of which all Panamanians are proud, needs candidates such as her, who can tell the truth for the good of the nation. I congratulate her for this.

I also recognize Perez Balladares' victory. To prove this, I have invited Mr. Perez to come and talk with me. In the first place I will congratulate him and then I wish to offer him a transition mechanism to ensure that the transfer of power can be accomplished most efficiently. When he assumes power on 1 September he will be aware of everything and anything about public administration he so desires.

[Villamonte] How do you view the fact that the government parties were unable to unite to face the Democratic Revolutionary Party [PRD]?

[Endara] I believe it was because of the stubbornness of one man, who believed himself to be superior to all other Panamanians. I am especially fond of this man, but I believe he was responsible for the Civilists not retaining power.

[Villamonte] The Arnulfist Party has said it will become an opposition party and Mr. Ruben Carles has said he will lead that opposition party.

[Endara] We Arnulfists, and I speak as one because I can now that the election is over, cannot accept any leadership other than an Arnulfist leadership. I can tell you that, although Mireya is the one who should, because she is the leader of the party and the president. I, as an Arnulfist, submit myself to her authority.

[Villamonte] Mr. Perez Balladares....

[Unidentified correspondent, interrupting] [Question indistinct]

[Endara] I wanted to address that issue, and I would like to do that now. I think that there was a lot of emphasis placed on the fact that the elections were very good, and they were. This is reason enough to be proud.

We are proud of the elections, but there is something that happened in the election campaign and on the same day of the elections that is worthy of being criticized, that is worthy of being criticized. [repeats himself] In this regard I believe the election polls turned out to be what we were claiming. They were totally manipulated and were fraudulent. They were manipulated to make people believe that the one who actually came in fourth place was in second place. The one who was in first place actually came in first place and in that regard the polls were not manipulated, but the polls made people believe that his lead was very large. Those polls were manipulated against Mireya Moscoso de Gruber to favor the person who actually came in fourth place. It was obvious, obvious that the polls were manipulated and fraudulent. After meditating on it for a while, I do not think we could prohibit polls because we would restrict freedom of expression and that is inadvisable under any concept. Freedom of expression cannot be repressed. I believe, however, that the Panamanian people must learn the lesson of 1994 and when the 1999 elections come they should pay no attention to the polls whatsoever because those polls are conducted by persons without any scruples to fool the people.

[Villamonte] [Question indistinct]

[Endara] I am going to propose the topic of the transition. That is the fundamental topic I am going to propose. I believe Dr. Perez Balladares may want to talk about some topics that may interest him. I will gladly answer his questions. It is a meeting without an agenda, we can say.

[Unidentified correspondent] Mr. President, do you believe that with a PRD government back in power, freedoms will be restricted?

[Endara] I must confess that for a long time I feared this would occur. Today I am cautiously optimistic, optimistic with reservations, that Dr. Perez Balladares has good intentions. I hope he will fulfill his promise to maintain this democracy and the country's freedoms. I hope we do not return to the military times. I sincerely believe, it but I must admit that the optimism is under inventory benefit, as lawyers say. I and other Panamanians are going to be vigilant and I hope the media will also be vigilant, taking care of our freedoms and our democracy, which we cannot lose. While Perez Balladares remains on the path of democracy, respect for freedom, respect for civilist or nonmilitary ideas, we are not going to be an obstacle.

On the contrary, we will do everything within our power to contribute, but if he strays from that path you can rest assured there will be a group of Panamanians to oppose him and the Arnulfist Party will be in that group. We will firmly oppose any deviation from the proper path.

PRD Accused of Buying Votes, Stealing Ballots

PA0905172594 Panama City EL SIGLO in Spanish 9 May 94 p 5

[From the "Leaks and Tips" column]

[Text] In violation of electoral provisions, some PRD [Democratic Revolutionary Party] candidates in various electoral districts offered to buy votes with payments ranging from $20-$30 per vote. This was also an old practice of ousted General Manuel Antonio Noriega's associates. The Office of the Electoral Prosecutor should immediately conduct a detailed investigation of this crime. The purchase of votes occurred in Cabuya, Anton... Parque Lefevre... Rio Abajo, as well as in David and Puerto Armuelles. [ellipses as published]

At the Salinera voting table in Nata, even presidential ballots were stolen. These ballots, according to what was learned, were removed by PRD activists. Also, in Chitre, Ocu, and Parita, PRD activists protested at several voting stations with other parties. The PRD activists arrived at the time of closing of the voting tables to cast their votes, which is illegal.

Observers Issue Communique on 'Exemplary' Elections

PA0905175194 Panama City Radio KW Continente in Spanish 1447 GMT 9 May 94

[Communique issued by the international observers invited to monitor the Panamanian elections by the Episcopal Conference of Panama and the Peace and Justice Commission; in Panama City on 9 May; read by former Colombian President Belisario Betancur—live]

[Text] We, the 11 observers from Latin America and Europe invited by the Episcopal Conference of Panama and the Justice and Peace Commission of Panama, have had the opportunity to observe the electoral process in the Republic of Panama for one week. Upon concluding our mission, we hereby forward the following observations to the international community and the Panamanian public:

1. We were provided with all of the information we needed to learn about the country's electoral system. Furthermore, we were able to interview and obtain information from members of the Justice and Peace Commission itself, as well as other electoral experts. They briefed us on electoral legislation and practices in Panama.

2. The Magistrates of the Electoral Tribunal welcomed us on several occasions to fully explain the system of guarantees and controls established to ensure the Panamanian people's democratic participation in the election and the respect for the will of the people as reflected in the polls. We would like to express our highest praise and strongest applause for the Electoral Tribunal for its impeccable performance during this important task in the interest of the country.

3. We examined the procedures that guaranteed a swift and trustworthy vote count. Our highest congratulations go to the National Vote-Counting Board and to the Justice and Peace Commission.

4. We interviewed the presidential candidates. We discussed their platforms, their willingness to respect the final results of the elections, and their willingness to offer the winner their personal cooperation and the cooperation of their respective parties. We thank the candidates for finding time in their very busy schedules to see us.

5. On 8 May, the team of international observers visited various areas of the country. The idea was to confirm election results directly. Thanks to the Justice and Peace Commission's excellent planning and the outstanding cooperation offered by those Panamanians who accompanied us during this time, we were able to visit a large number of voting tables all across the country.

There, we observed the smooth progression of Election Day events, from the opening of the voting tables to the closure and tallying process. We did not observe one case in which there was any evidence of an attempt to distort the will of the Panamanian people. We believe that the legal mechanisms, the instructional efforts prior to the election, and the people's enormous desire to participate freely and democratically made it possible to experience an Election Day we can only describe as exemplary.

6. As international observers fulfilling our mission, we hereby state before the international community and the Panamanian public that the 8 May 1994 elections in the Republic of Panama were carried out with all necessary guarantees. The process has allowed the people of Panama to express their political will in complete freedom.

7. Last, we ask that all Panamanians and their political leaders unite and build an even more just, free, and fraternal Panama—a Panama capable of resolving its domestic problems, particularly poverty, while broadening its relations of peace and cooperation with the countries of the region and the international community in general.

To do so, Panamanian society, led by its political authorities with the support of the Catholic Church and the Justice and Peace Commission, and within the framework of the Ibero-American nations' will to build and strengthen their democratic systems, must be aware of challenges as outlined by the admirable Panamanian people, who expressed their will with outstanding civic and democratic maturity. To all of the Panamanian people, we wish to express our admiration and gratitude.

[Issued] Panama City, 9 May 1994

OAS Observers Issue Statement

PA0905204394 Panama City Circuito RPC Radio in Spanish 1935 GMT 9 May 94

[Statement issued by the OAS observers invited to monitor the Panamanian elections in Panama City on 9 May; read by former Colombian President Belisario Betancur; broadcast in progress—live]

[Text] ....closing the campaign of the various political parties, visited the government authorities, the presidential candidates, and the Electoral Tribunal [TE] to explain the objectives of the observers. On 12 May [as heard] the OAS observers were sent to eight of the nine provinces in the Republic of Panama.

On 8 May the 27 observers started working early in the morning. They visited a large number of voting tables throughout the country and observed how the voting was conducted at 27 voting tables. The observers focused their attention on the conditions that surrounded the

installation of the voting tables; the actual voting process; and the vote count at the voting tables, the Electoral District Vote-Counting Board, and the National Vote-Counting Board. The OAS observers were also alert to information provided by the TE on the election results.

The OAS observers coordinated its task with other groups of international observers, especially with the group headed by former U.S. President Jimmy Carter, in an attempt to expand the coverage of the observers and exchange information and views on the development of the elections.

Following receipt of the first reports from observers in the various provinces, the mission can announce the following preliminary conclusions:
1. All candidates had every guarantee to develop his or her electoral campaign.
2. The organization and administration of the electoral process by the TE created an environment of trust among the political forces and the people regarding the cleanliness of the elections.
3. The people had every guarantee to vote freely and express their political will. The voting was conducted within a framework of calm and cordiality and was highlighted by a high degree of participation.
4. The isolated problems were solved promptly and did not hinder the voting.
5. The vote count began as scheduled at the Electoral District Vote-Counting Board.

The OAS observers will remain in Panama until the TE releases the final results of the vote count for president and vice presidents.

Lastly, at the appropriate time, the secretary general will expand all these preliminary conclusions in the final report to be presented to the OAS Permanent Council.

Thank you.

Perez Balladares Confirms Cabinet Members

PA0905194494 Hamburg DPA in Spanish 1640 GMT 9 May 94

[Text] Panama City, 9 May (DPA)—Ernesto Perez Balladares, virtual Panamanian president-elect, confirmed today that Gabriel Lewis Galindo will serve as foreign minister in his cabinet.

Galindo, brother of Samuel Lewis Galindo—beer businessman and one of the six presidential candidates who lost in yesterday's elections—was one of the Panamanian negotiators of the Torrijos-Carter Treaties in 1977 and one of the main opponents of former dictator Manuel Antonio Noriega.

Perez Balladares, who confirmed the report published by LA ESTRELLA DE PANAMA about the list of possible ministers, said the posts of attorney general; comptroller; and ministers of the Presidency, agricultural development, education, health, and foreign relations will be offered to political figures who do not belong to his Democratic Revolutionary Party (PRD). The victorious candidate said the Housing, Public Works, Labor and Social Welfare, Commerce and Industries, Planning, and Government and Justice Ministries might be occupied by PRD members. In this way, the future president kept his campaign promise to appoint a cabinet with an undetermined number of opposition and independent members.

Perez Balladares said current magistrates Eduardo Valdes, Dennis Allen, and Guillermo Marquez will be retained in the Electoral Tribunal. Jose de los Santos Chen Barria of the Christian Democratic Party may be confirmed as comptroller. The Attorney General's Office will be occupied by Jose Antonio Sossa, another PDC member, and Oswaldo Fernandez, who was appointed by President Endara as head of the Public Force, will retain his post.

Stanley Muschett, president of the Justice and Peace Commission and rector of the private Santa Maria la Antigua University, will occupy the post of education minister, while Carlos Souza, former president of the Cattlemen's Association, will hold the post of agricultural development minister. Also, veteran Liberal Party politician Raul Arango will be designated Presidency minister and Carlos Garcia de Paredes, former dean of the School of Medicine of the University of Panama, will be appointed health minister.

Two PRD members will be appointed commerce and industries minister and government and justice ministers: livestock businessman Felix Gonzalez and the PRD's leftist First Assistant Secretary Mitchel Doens, respectively. Two women will be named to the posts of labor and social welfare minister and economic planning minister, but their names were not disclosed by Perez Balladares.

After learning of his triumph, Perez Balladares said: "The era of electoral confrontation has passed, and we must enter the 21st century with a vision of the future and with the commitment to our children and grandchildren, without returning to the past and without links to the past."

Dario Carles Unwilling To Participate

PA0905200294 Panama City Telemetro Television Network in Spanish 1730 GMT 9 May 94

[Interview with presidential candidate Ruben Dario Carles of the Change '94 coalition by an unidentified reporter; place not given; from the "Telemetro Reports" newscast—live]

[Text] [Reporter] Professor Carles, would you be willing to participate in the PRD [Democratic Revolutionary Party] government, should you be invited to do so?

[Carles] I have no personal interest in participating in any government. As president, I would have had the opportunity and the authority to do the things that we had proposed, and that we had planned, [words indistinct] I do not believe I could transfer those goals, that vision, and that determination to any group. Political problems will have to be resolved in another manner, not

through my individual participation. That is another issue altogether. We are going to have to unite as Panamanians to safeguard justice, liberty, and democracy in this country.

I invite Ruben Blades to stay here in Panama to fight for Panamanians. This is why Blades said as a candidate that: This is the time to face problems and to struggle for justice, freedom, and democracy... [pauses] and for all those other things that were not very clear in his speeches.

Perez Balladares Takes Drug Test To Show New Policy

PA0605141094 Panama City Circuito RPC Television in Spanish 2300 GMT 5 May 94

[Report by Ciro Ortega for the "RPC Television News" newscast]

[Text] Ernesto Perez Balladares, presidential candidate of the United People alliance, went to the San Fernando Hospital for a drug test, which came out negative. Perez Balladares stressed that if he wins the presidential elections, he will implement a vigorous policy against drug trafficking.

[Begin recording] [Perez Balladares] I came for a drug test because I think the Panamanian people have the right to demand and to know whether their candidates are using chemical substances. I also had a stress test because I think the next president should have enough physical stamina and be in good enough health to keep the promises made to the Panamanian people.

[Ortega] Could this be viewed as a prelude to your government's policy against drugs?

[Perez Balladares] You can be sure that if I took the test, I will demand that everyone else do likewise.

[Ortega] How do you view this final stretch only a few days before the elections?

[Perez Balladares] I am very pleased. Thankfully, I think it has been a first-rate campaign during which we have not insulted anyone but have proposed solutions. I honestly think it is going to conclude on Sunday with a great civic festival for all Panamanians. We are very happy and proud to have participated in it.

[Ortega] Some say that the Cubans are giving you a hand in this campaign?

[Perez Balladares] I think the party has already stated clearly that this is a lie made up by political adversaries. Of course, it is completely false, completely false. Our party told the Justice and Peace Commission two or three weeks ago that such a falsehood would be fabricated. They are holding the documents that show this is a lie.

[Ortega] Why did you take the drug test? Have other candidates done the same?

[Perez Balladares] I hope we all do it. I think it should be done as a sign of respect for the Panamanian people so they can be sure that none of us use any type of chemical substance. [end recording]

Shortly before meeting with a group of international observers at midday, Perez Balladares said today he will announce the list of three attorneys from among whom he will choose the new attorney general of the Republic if he is elected president.

[Begin Balladares recording] I plan to keep my promise and name three citizens from among whom I plan to select an attorney general in January 1995. That is when the attorney general must be appointed and his name sent to the Legislative Assembly. One of those three citizens will be chosen to head the list. I will ask the other two to be alternates. [end recording]

Perez Balladares could make this announcement tonight at 2100 in a speech to be aired over RPC Television.

Former Officer Predicts Return of FDP Officers

PA0905204494 Mexico City NOTIMEX in Spanish 1841 GMT 9 May 94

[Text] Guatemala City, 9 May (NOTIMEX)—A former officer of the defunct Panama Defense Forces (FDP) said here today that Panamanian military officers exiled in Guatemala could return to Panama following the election victory of opposition presidential candidate Ernesto Perez Balladares.

"We will return when the victory of Perez Balladares in the general elections held this Sunday is confirmed," former FDP Lieutenant Carlos Alberto Rumbo told NOTIMEX.

The military officer said the young officers of the defunct Panamanian Army "will return to give back to Panama its dignity, which General Manuel Noriega, President Guillermo Endara, and the Americans trampled on."

At least 10 Panamanian military officers sought exile in various Latin American countries following the U.S. invasion in December 1989, which overthrew Noriega. Noriega was later sentenced to 40-years of incarcaration in the United States for drug trafficking activities.

Rumbo said he fled Panama after participating in a post-invasion, uprising by National Police members against President Endara; an uprising which Endara described as a "coup attempt."

Perez Balladares, from the United People coalition headed by the Democratic Revolutionary Party, became the virtual winner of the Panamanian presidential elections.

Perez Balladares, popularly known as "El Toro", has remained in first place with approximately 33 percent of the vote since the Electoral Tribunal (TE) started providing election results yesterday.

After 89 percent of the votes were counted, the TE placed Mireya Moscoso de Gruber from the ruling

Arnulfist Party in second place with 28 percent of the votes. She was followed by Ruben Blades of the Papa Egoro Movement, who gained 17 percent of the vote.

Regarding these figures, Guatemalan analyst Walter Robles said "Toro's" victory was the result of his ability to renew Panamanians' affinity for the policies of the PRD founder, the late General Omar Torrijos.

During the election campaign, PRD leaders were able to remove the party from the shadow of deposed General Manuel Noriega, who became Panama's "strongman" following the death of Torrijos in 1981, according to Robles.

Panamanian writer Rafael Ruiloba said the new government must find the best way to lead the country down a nationalist path and the best way to recover the dignity lost following the humiliating U.S. invasion.

In San Salvador, the country's media reported on the virtual victory of the PRD candidate in Sunday's elections, in which deputies and mayors were also elected.

Conservative newspaper LA PRENSA GRAFICA printed on its front page: "Perez Balladares Virtual Winner of Elections in Panama," and right-wing newspaper EL DIARIO DE HOY published: "Balladares Wins Elections in Panama."

Argentina

Vice Foreign Minister on Pharmaceutical Patents Law

PY0905160094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1845 GMT 8 May 94

[Text] Buenos Aires, 8 May (NA)—Today, Vice Foreign Minister Fernando Petrella warned that Argentina "cannot maintain a rigid position" regarding the draft Pharmaceutical Patents Law, at least "on the basis of the current situation." He made it clear that his evaluation is "entirely personal."

Petrella told a radio station that Brazil reached "an agreement, which has yet to be formalized, with U.S. authorities with an eye to making its position more flexible." He added: "This topic must be decided by the incoming Brazilian Government."

Regarding "concrete points," Petrella warned that "the interests of local laboratories must be taken into account as they have been operating in accordance with a modus vivendi that is permitted by the current law. The interests of the consumer have also been considered." He ratified his "confidence" that the Argentine Congress "will come up with a law that will harmonize all interests."

Referring to Argentina not being included on the list of nations to be sanctioned, Petrella stressed that the U.S. Government "made an important political gesture that reveals its good relations and rapport" with Argentina.

He said: "This is an important topic, but it is not extremely important," while emphasizing that "these excellent relations must not be impaired, especially at this time when they are based on strategic viewpoints that are much more difficult to achieve." He added: "These are small steps that Argentina can take to attenuate the situation."

The vice foreign minister stressed that our country "has a well-defined position" regarding the conflict over the continental glaciers, adding that "the idea of arbitration" has reached Chile. "From what I know and from Argentina's viewpoint, there have been no feelers regarding this new possibility," Petrella said.

Finally, regarding the sending of Argentine Border Police to the former Yugoslavia, Petrella said: "There are a number of UN demands of which Argentines can be very proud, especially the Armed Forces."

'Massive' Trade Deficit Produced in Jan, Feb

PY0705013294 Buenos Aires BUENOS AIRES HERALD in English 6 May 94 p 1

[Text] (DYN)—The balance of trade in the first two months this year produced a massive deficit of 1.11 billion dollars, an almost ninefold increase over the same period last year, the INDEC census bureau reported yesterday.

Exports during the period totalled 1.89 billion dollars, a 4.4 percent increase over the same period last year. Imports however grew by 55.2 percent and totalled just over three billion dollars.

The trade imbalance with the United States shot up by 132.3 percent while the only surplus of note was achieved in trade with the Netherlands (117 million dollars).

Although there were small surpluses on trade with individual countries, in most cases these didn't exceed 10 million dollars as was the case with Bolivia, Colombia, Paraguay, Peru, Venezuela, Denmark, Greece, Portugal and China.

Trade with the Mercosur [Common Market of the South] southern-cone common market went from a 5.1-million-dollar surplus in January-February 1993 to a deficit 152.8 million dollars in the same period this year. Trade with NAFTA followed the same trend and shot up 135 percent to 638 million dollars.

Exports of primary products continued to decline in the first two months, falling 19.6 percent with respect to the same period last year, although exports of value-added agricultural goods grew by 7.1 percent and industrial goods by 27.6 percent.

Percentage increases in imports by product grouping were 114.7 for capital goods and 38.6 percent for their spare parts and 30.5 percent for consumer goods, almost five times the growth rate of the gross domestic product.

Capital goods accounted for 40 percent of imports in January and 47.4 percent in February while consumer goods accounted for 18.7 percent of imports in the first month of the year and 15.6 percent in the second. Imports of semi-processed goods also increased by 34.4 percent as did buses, up 37.2 percent and fuels up by 178.4 percent.

Most of the imported goods, or some 838.2 million dollars worth, came from the United States although Argentina's sales there were only a quarter of this. The deficit with Brazil, at 175 million dollars, was up by a whopping 501.4 percent.

Cavallo Downplays Deficit, Defends Job Creation

PY0905135794 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2356 GMT 6 May 94

[Excerpts] Buenos Aires, 6 May (NA)—Economy Minister Domingo Cavallo stated on 6 May that the trade deficit "does not constitute a problem" because it is caused by the importation of capital goods, which produce "more investments." The economy minister stressed: "The increase in imports does not constitute a problem if it helps to increase our productive capacity."

Cavallo conceded that the unemployment number is "worrisome," while snapping out that "1.5 million new jobs have been created over the last four years." He argued: "During October 1989, there were 11.5 million people employed. This figure increased to 12.5 million in

October 1993 while in the last six years it had grown by only 600,000." [passage omitted]

The minister said one should wonder "why more new jobs are not being created." He said many small- and medium-scale entrepreneurs "are afraid of the law on accidents on the shop-floor and current labor laws."

This prompted him to reiterate his request for the enactment of the Labor Flexibility Law because "we must have more realistic labor laws, at least for the Pymes [small- and medium-scale enterprises]."

To conclude, Cavallo pointed out that over the last three years the country has grown "25 percent," which means Argentina "has recorded the third largest growth rate in the world." [passage omitted]

IMF Request To Further Reduce Spending

PY1005035494 Buenos Aires CLARIN in Spanish 9 May 94 pp 18-19

[Article by Miguel Angel Rouco]

[Excerpt] An IMF delegation which will handle the auditing of fiscal accounts will arrive in our country tomorrow with the goal of persuading the Argentine Government to substantially reduce its levels of spending.

The delegation, headed by British economist Martin Hardy, will almost entirely concentrate on persuading the economic leadership to further reduce its spending in order to achieve an increased fiscal surplus. The IMF delegates' goal is clear: Argentina must reduce its spending by at least 10 percent of the 1994 budget allocations. This is equivalent to about 1.5 percent of the GDP.

Economy Minister Domingo Cavallo has already said unofficially that it is impossible, with the current administrative structure, to further reduce spending.

The economy minister asked his team of assistants to be extremely careful and convince the IMF auditors of the fact that a budget cut similar to the one implemented in 1993 is not viable now because the entire administrative structure would be affected.

During a meeting with his closest officials, Cavallo expressed a worrisome omen: "If we implement the IMF petitions, we run the risk of throwing our entire efforts in the field of collection, public sector reform, and state streamlining overboard. We cannot reduce spending any further now. They cannot expect us to cut back on retiree, Comprehensive Medical Assistance Plan, and hospital funds." [passage omitted]

Bolivia

President Welcomes Creation of Opposition Bloc

PY0905153094 La Paz Television Nacional Network in Spanish 0100 GMT 7 May 94

[Excerpts] The various opposition political parties represented in Congress have united to safeguard democracy in Bolivian at this difficult moment. This opposition bloc comprises the following parties: the Nationalist Democratic Action, Condepa [Conscience of the Fatherland], MIR [Movement of the Revolutionary Left], ASD [Democratic Socialism Alternative], PDC [Christian Democratic Party], Arbol [Bolivian Renewal Alternative], Eje [National Convergency Axis], and PRIN [Revolutionary Party of the Nationalist Left].

These political parties believe the government has clearly proven it does not know how to hold a dialogue, does not wish to reach agreements, and shamelessly imposes its will and commits abuses in the exercise of power. [passage omitted]

President Gonzalo Sanchez de Lozada has voiced satisfaction over the creation of an opposition front. Government spokesman Ernesto Machicado released the chief of state's message regarding the new opposition bloc formed by eight political parties represented in Congress.

[Begin Machicado recording] The Bolivian people are tired of sterile confrontations that lead nowhere and only generate a collective sense of frustration and discouragement.

For this reason, at a time when social tension is declining and the doors for fraternity and understanding are being opened, I welcome with great satisfaction the announcement by eight opposition political leaders of their willingness to negotiate agreements and to discuss and solve the great problems that affect us all. I fully agree with them that differences of a doctrinal, programmatic, and political nature cannot prevail over national interests. [end recording]

Ω ECONOMIC BRIEFS:

94P20732

[Editorial Report] OPPOSING VIEWS OF ALTERNATIVE DEVELOPMENT—Appraising the apparent success of the government's alternative development policy in the coca-growing Chapare region, the Regional Alternative Development Project (PDAR) reported to La Paz PRESENCIA of 31 March that road improvement programs in the Chapare have contributed to significant increases in the volume of fruit sales in 1993. For example, it was noted that pineapple sales increased 247 percent, from 195,000 kg in 1992 to 679,000 kg in 1993. The PDAR reported that by the end of 1993, 519 km of road had been rehabilitated in the Chapare agricultural areas and 200 km of road improvement is envisaged for 1994. The fact that these roads are now passable year-round facilitates the commercialization of a great variety of agricultural products.

In the 13 April PRESENCIA, however, Felipe Caceres Garcia, executive secretary of the Special Federation of Peasant Workers of the Tropics (FETCT), painted a gloomy picture of alternative development, noting that the Chapare coca growers, who have been compensated $2,000 per hectare of coca bushes destroyed, are emigrating to Argentina or Chile with the money. Caceres blamed the government for not providing adequate "alternative" occupations or investment opportunities

in the region and asserted that "at least $20 million has left the country." He explained that to date 25,000 hectares of coca have been voluntarily eliminated which amounts to $50 million in compensation.

Caceres pointed out in the 3 April Cochabamba LOS TIEMPOS that even Enrique Ugalde, under secretary for alternative development, admitted recently that he is "tired of calling the governemt's coca substitution plan 'alternative development,' and would prefer to call the policy 'alternative revenue.'" Caceres also noted that the coca growers and peasants of the region thoroughly agree with Ugalde's statement and are waiting for the government to come up with "real alternative development in the Chapare coca-producing area that will create an economy that will liberate the producer from a coca monoculture." Caceres said that electrification, road improvements, and the creation of schools and health centers may raise standards of living, but nobody will be there to use them if people emigrate in search of jobs.

TOURISM REVENUE—Tourism, which has enjoyed a 10 percent annual growth rate since 1987, is a sector of growing importance for the economy, generating $192 million in 1993 and comprising 3.6 percent of the GDP, according to government sources. La Paz PRESENCIA of 18 March reported that Ramiro Ortega, acting minister of finance and economic development, said the government has presented a draft tourism promotion law which aims at generating $220 million in revenue, attracting $300 million in investment, and creating 60,000 jobs by 1997. Ricardo Rojas Harrison, national secretary for tourism development, told Cochabamba LOS TIEMPOS on 30 March that the National Tourism Plan will invest $15 million to develop ecotourism. He added that Cochabamba would be the springboard for the plan because of its great tourist potential.

COCHABAMBA AIRPORT—Construction of the second phase of Cochabamba's Jorge Wilsterman Airport will begin in two months at a cost of $26 million, reported Cochabamba LOS TIEMPOS of 26 March. Italy will finance $18 million and the rest will be disbursed by the National Treasury. The money will go mainly to finance the cost of a new terminal.

ENTEL INVESTS IN VARIOUS PROJECTS—German Medrano, executive president of the National Telecommunications Enterprise (ENTEL), told La Paz EL DIARIO of 7 April that ENTEL plans to invest $24 million in 31 projects around the country in 1994. Among the most important projects is the radio link with Chile. ENTEL's goal is to be linked to the Panamerican cable by 1995, thereby reducing costs and increasing volume.

FAO INVESTMENT—The UN Food and Agriculture Organization (FAO) announced in La Paz EL DIARIO of 2 April an investment of $3 million during the next four years for the Alta Cuenca del Guadalquivir project which aims at promoting sustainable development projects, such as reforestation, soil improvement, and land management, for peasants in the central valley. The FAO technical adviser in Tarija said that FAO Norway would disburse $2 million for this purpose and that $1 million would come from the Netherlands.

CONCERN OVER "CENTRAL AXIS" DOMINATION—An editorial in La Paz PRESENCIA of 2 April commented on "worrisome" data concerning the predominance of the country's "central axis" which comprises the Departments of the La Paz, Cochabamba, and Santa Cruz. Figures provided by the 1992 Population and Housing Census revealed that 68.1 percent of Bolivia's population resides in those three departments and over half the population in each department resides in the respective capital. According to the Ministry of Finance, 91.35 percent of the taxes are generated in the "central axis" and 75.1 percent of the country's economic establishments and 77.9 percent of its employed population are located there. Government authorities added that 80 percent of the country's revenue is invested in the region.

The editorial described this "macrocephaly" as being very "dangerous," because it is a result of unbalanced growth not accompanied by the creation of of basic social services and infrastructure to meet the needs of the population. The editorial added that the result was depopulation of many regions of the country with the usual "geopolitical and social consequences."

A commentary by Jose Luis Roca in the Cochabamba daily LOS TIEMPOS of 3 April contradicted the PRESENCIA editorial, arguing that the " central axis" is a "good thing for Bolivia," because it has prevented the rise of the single "hegemonic" city typical of other Latin American countries. The commentator explained that these departments have "achieved an admirable geopolitical equilibrium," and are not a threat to each other. He noted that each department along the axis represents "one of the three important regions of the country: highlands, valleys, and plains," and that they "extend their influence to the most remote corners of the nation's territory."

Brazil

New Currency To Be Implemented 1 Jul

PY0905162694 Rio de Janeiro TVE Television in Portuguese 1405 GMT 9 May 94

[Address to the nation by President Itamar Franco from Planalto Palace on 9 May—live]

[Text] Mr. President of the Federal Senate, Mr. President of the Chamber of Deputies, Mr. President of the Federal Supreme Court, Mr. Government Leader at the Chamber of Deputies, Messrs. Federal Senators and Deputies, Messrs. Ministers, ladies and gentlemen, young men and young ladies: We are nearing a very important moment in Brazilian life. The moment at which we will change our currency, our money. Like a country's flag, the currency of a country is a symbol of its sovereignty. The currency represents the country's

power, the confidence it awakens in everyone. This is the importance of our efforts to give Brazil a currency that will really symbolize our independence and the will of our people.

This is why the three branches of the Republic are meeting here. The executive, legislative, and judicial branches are gathered in this decisive moment of our nation. Brazilian workers in May, for the second consecutive month, received their salaries in Real Value Units, URV's. They saw that their salary had been compensated against the April inflation rate. This, however, is not enough. A great deal more must be done and this is what we are doing now.

Through the implementation of the URV, we have taken a very important step, but now is the time to take a decisive step against inflation and in favor of development. This will happen with the implementation of the real, which will be the new Brazilian currency. The real will enter our daily lives and replace the real cruzeiro and the URV, which was simply a stepping-stone from a devaluated currency to a strong one.

With all prices and utility rates converted into the new currency, our salaries will not loose their purchasing power during the month and we will learn the genuine value of things. The real will be the currency of a Brazil that will not have an inflation rate as high as the current one. In addition to defeating inflation, the real will solve the problems that workers and retirees still have when salaries in URV's are paid in real cruzeiros. Why does this occur? Because the URV protects the salaries until payday. From then on and until the next payday, salaries converted into real cruzeiros continue to be eroded by inflation unless they are invested in the banks. Through the real, the money in the workers' pockets will preserve its value. This is why, like other Brazilians, I wish to see the real implemented soon.

I came here today to tell you that the real will be the Brazilian currency as of 1 July. I would have preferred to announce the arrival of the real after the provisional measure had been approved by the Congress. This approval remains essential. The government has rewritten the provisional measure hoping it may be approved soon, as most Brazilians wish.

As everyone knows, the government committed itself to announce the arrival of the real at least 30 days before the implementation date. I am announcing the implementation of the real 52 days before the implementation date to give the people more time to prepare for its arrival calmly and securely. I have asked the finance minister to release, as soon as possible, an agenda of the measures that we will adopt along the path that leads to the implementation of the real. The most important rules about the real will be announced well in advance. They will be announced during the month of June. I am personally interested in giving all Brazilians enough time to prepare for the change and to allow all of them to learn everything possible about the new currency.

We will make a great effort to explain the real. I have instructed the finance minister to tour the country and to explain everything about the plan that implements the real and about the new currency itself. Everything will be carefully reported and explained. Nothing will be done through surprises or frights. This is the main characteristic of this administration's economic policy. We know well what is at stake. We know that not just figures, which very few can understand, are at stake. We know that our daily life, our purchasing power, the food that we place on our tables, our children's education, and the wellbeing of the elderly are at stake. We know that the health of all Brazilians and everything else will improve when we manage to finally defeat inflation.

Brazil knows me. It is known that I am of the people. Brazil knows that I share all Brazilians' distress about inflation. This is why I have confidence in our economic plan and am committed to its success. I want to hand the president, whom the Brazilian people will elect this year, a country with its economy in order; a well organized country that will allow the government to fulfill its duties and in which workers will no longer be distressed by inflation.

We now have the indispensable conditions to make this happen. I have many reasons to believe that. We have solved the foreign debt problem that harmed Brazil for more than 10 years. We have balanced the federal budget. The government no longer spends more than it collects, and we no longer have to issue money which in turn creates inflation. Many sectors of our economy are again growing. This year we will harvest the largest crop in history. The URV is fulfilling its role of ensuring the average purchasing power of salaries and of stabilizing prices prior to the arrival of the real. Industry and the government have converted most of their prices and utility rates into URV's.

I normally do not promise things that I cannot fulfill or commit myself to projects in which I do not believe. If I am here today to ask the country to believe in the real it is because I believe in it, it is because I am certain that we are now ready for it, and it is because I know that only when the economy is in order can everyone begin to profit, particularly the most destitute and the workers who live on their wages and have no means to protect themselves from inflation.

We are all part of a large family, a large nation. We must be strong; we must be firm; we must be specially determined. It is our responsibility to make Brazil the prosperous and generous country that we all want it to be. Let us then believe in the real plan. This plan was drafted during former Minister Fernando Henrique Cardoso's days at the head of the Finance Ministry and is now being implemented by Minister Rubens Ricupero. Thank you very much.

President Congratulates Leaders on PLO Accord

PY0905121394 Madrid EFE in Spanish 2228 GMT 6 May 94

[Text] Brasilia, 6 May (EFE)—Today, Brazilian President Itamar Franco sent congratulatory messages to

Israeli Prime Minister Yitzhaq Rabin and PLO leader Yasir 'Arafat following the recent agreement to establish a Palestine Self-Government Authority [Autoridad Palestina de Auto-Gobierno].

The decision to create a provisional Palestine Self-Government Authority with jurisdiction on the Palestine territories in the Gaza Strip and Jericho is considered "historic" by the Brazilian chief of state.

Franco points out that the agreement represents a new horizon for the consolidation of peace, safety, and stability in the Middle East that will benefit the region and all of humanity.

Egyptian President Husni Mubarak, who hosted the Rabin-Arafat meeting held in Cairo on 4 May, also received a congratulatory message from Franco.

Lula Outlines Foreign Policy, State Role in Economy

PY0905230194 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 May 94 p A7

[Article by Lucia Helena Gazzola]

[Excerpt] On 6 May, PT [Workers Party] presidential candidate Luis Inacio Lula da Silva said that if he is elected, his foreign policy would promote a debate on a "new international political and economic order" and would seek to establish "sound" ties with countries that have large consumer markets and that are not aligned with economic blocs. In addition to Mercosur [Common Market of the South] countries, he mentioned South Africa, India, China, and Russia.

Lula made it clear that he does not intend to attach priority to traditional Brazilian partners: "Over the past five centuries Brazil has had trade relations with practically Europe and the United States alone, which have now closed themselves off into large blocs." He said his foreign policy would be "active, with as much traveling as possible, to make Brazil approach those countries and show the governments of rich countries the problems and the development model that Brazil wants to implement."

Lula spoke shortly before dedicating the headquarters of his campaign's central committee on Angelica Avenue, in downtown Sao Paulo, on the eve of his departure for the United States. He will leave today on a five-day visit during which he will meet with U.S. officials, businessmen, and official organizations.

Lula also referred to the type of "strong state" that he wants to build in Brazil: "It will not be a state that will meddle with the economy, but a strong state that will promote a good taxation policy and increase revenues and investment to resolve the problems of starvation and misery in the country," he explained. He added that in his government, "the sectors that are not strategic" for national sovereignty might be transferred to the private sector, yet he said that instead of thinking about the privatization of existing hydroelectric plants or highways, entrepreneurs should try to build what Brazil still needs to promote its development. [passage omitted]

Chile

Decision To Enhance High Seas Presence, Fishing

PY0705034194 Santiago EL MERCURIO in Spanish 3 May 94 p C2

[Report by Hernan Cisternas Arellano in Valparaiso]

[Text] Last night, Chilean President Eduardo Frei Ruiz-Tagle announced the government's decision to propose initiatives that would enhance Chile's presence on the high seas and would give credence to the government's intention to protect marine areas falling within the national jurisdiction. Frei said the government is aware that the sea is one of the bases for national development, and he thus wants to act accordingly in that area.

He noted that the government will decisively support the modernization of the Navy, which plays a key role in safeguarding Chilean sovereignty, in effectively patrolling the sea, and in protecting Chilean rights on the high seas.

Frei said he would continue to develop a comprehensive fishing policy, which at this stage should reinforce its administrative mechanisms to promote equitable access to these resources and make rational use of them.

Frei announced publicly that he is committed to creating the conditions for and facilities to bring about the adequate improvement and development of the ports, which he characterized as the backbone of Chile's maritime presence. In this regard, he emphasized the decision to incorporate the private sector in developing these ports.

Frei was the only speaker at last night's opening ceremony of the Month of the Sea celebration. Thus, he became the first chief executive to open this celebration since it was instituted 20 years ago by Admiral Jose Toribio Merino, retired.

Attending the ceremony, which was held at the Playa Ancha naval auditorium, were Defense Minister Edmundo Perez Yoma; Secretary General of the Presidency Genaro Arriada; Transport Minister Narciso Irureta; Chamber Speaker Jorge Schaulsohn; Navy Commander Jorge Martinez Busch; General Richard Quass, representing the Army; Gen. Jose de la Fuente, representing the Air Force; Gen. Fernando Cordero, representing the Carabineros; and members of the Navy high command, among other officials.

Frei stated that there have been contradictory interpretations of the right to fish on the high seas, which have led to the abusive depredation of resources and environmental degradation. He called for an international regulation process to prevent this sort of abuse without affecting the fundamental freedom to fish or the high

seas laws, and without aspiring to an extension of the national maritime jurisdiction.

Frei pointed out that the Convention on Sea Rights grants the country having the coastline the sovereign rights to explore, exploit, preserve, and administer natural resources within its exclusive economic zone. He added, however, that regarding the shared fish species, these rights lose their validity because the country having the coastline has no ability to preserve and administer the said resources found beyond the 200 mile zone.

Frei explained that in order to improve the legislation on the high seas, which are thought of as an asset for the public good, the objectives of Agenda 21 approved at the Rio-92 summit must be taken into account. On this basis, Frei pointed out that Chile has a five-point proposal which, as its first step, calls for international acceptance of the UN Convention on Sea Rights, which has been paralyzed as a result of disputes over ocean mining. The said proposal considers first of all the negotiation of an international convention on the preservation of fish species that live in various zones and are highly migratory.

Socialist Party Objects to U.S. Trade Agreement

PY0905190294 Madrid EFE in Spanish 1503 GMT 6 May 94

[Text] Santiago, 6 May (EFE)—Chilean Socialist Party deputies have voiced their concern that the free trade agreement Chile intends to negotiate with the United States will negatively influence commercial relations with the EU and Asian countries. The deputies have asked for a special meeting of the Chamber of Deputies to analyze the meaning, purpose, and terms of a free trade agreement with the United States.

Jose Antonio Viera Gallo, president of the Socialist Party bloc in the Chamber of Deputies, told reporters that Chile's foreign trade is very diversified, that its main trade partners are in Asia and the EU, and that the U.S. share of Chile's foreign trade is only 20.5 percent. The socialist deputy underscored that Chile's trade with the EU and Asia yields a surplus while its trade with the United States generates a deficit.

Viera Gallo emphasized that an agreement with the United States will not greatly benefit Chile and cautioned against "a mirage." He added that a free trade agreement will probably improve the sales of manufactured products which currently pay high customs rates in the United States, but will harm exports of raw materials which now pay just 1.8 percent in the United States.

Viera Gallo pointed out that the United States has already raised objections regarding three sensitive areas: price brackets for agricultural products, waiting periods for the repatriation of capital which the United States wants to be less than 1 year, and intellectual property rights because the Chilean law on patents is considered inadequate.

Socialist Party deputies, who belong to the ruling coalition, have also indicated that a new agreement must be reached with the members of the Common Market of the South: Argentina, Brazil, Uruguay, and Paraguay.

Minister on Public Morality, Ethics, Corruption

PY0605222394 Santiago ESTRATEGIA in Spanish 28 Apr 94 pp 27, 44

[Text] Minister Secretary General of the Presidency Genaro Arriagada has said that even though corruption is not prevalent in Chile, "it is the right time to take action if we want our institutions and political practices to meet the ethical requirements of public service."

At the opening session for the academic year of the School of Political and Managerial Science in the Academy of Christian Humanism, Arriagada lectured on "Public Probity and Ethics," noting that the country has a deficit in the development of its public ethics. "We do not have a sick, but rather a developing country, with good intentions but without experience in matters like this, vital and dynamic, but fragile," he said. He added that "we are not clearly aware of the limits of power, the rules and criteria that must be observed by politicians, public servants, and citizens in case of conflict of interest. We have a legalistic mentality coupled with the idea that violating the law is not something serious." He said that many of the cases that the press has reported as being instances of corruption "do not originate with a deliberate desire to acquire wealth, but with the ignorance of elected authorities—especially those in municipal governments—who believe they can manage power as liberally, and as free from any rules as they run their small private businesses."

He said that the border between power and money is hazy, "to the extent that leading entrepreneurs usually boast of the political power they have acquired by financing political campaigns, while there is a dangerous lack of definition of incompatibility."

He added that in light of this situation, the government has created a high-level commission to focus on the problem from the viewpoint of a state policy, beyond partisan confrontation and beyond the disputes between the government and the opposition.

He said that public servants, because of their being in government, have stricter obligations in their public and private lives, despite the fact that the country demands high levels of morality in all areas of activity.

He added that corruption originates not only in the weaknesses of human nature, but also in the faults of the political, institutional, and administrative systems.

Referring to the state's relationship with the economy, Arriagada said the greatest risks of corruption are hatched in this relationship, as there are private agents seeking illegitimate influence in their favor, and also state agents—in what is considered true corruption—who sometimes also receive private benefits.

Arriagada said that in order to fight this potential threat, it is necessary to combat obscurity in the decisionmaking procedures, and where there is ample room for public servants to exercise discretional power. He added that the third source of corruption is the monopoly public officials have in allocating funds.

Arriagada also referred to the relationship between money and politics, stating that this is a problem that is common to political parties, movements, and any political system, and which if not controlled and clarified greatly harms respect for politics as well as the legitimacy of the resources.

He said that in order to solve this problem, laws must be created to reduce the costs of political campaigns, and in addition establishing forms of public, state, or private financing. "Any form of financial aid, whether it come from private enterprise, international political organizations, the abusive use of state resources, or any other imaginable resource, must be carefully controlled."

Arriagada ended by stating that democracy requires clear, powerful efforts and results in this regard. "In many countries of the world, upholding the superiority of democracy as a form of government is not, in the eyes of the public, currently based on the capacity of democrats to establish an open style of political and governmental action, with the sole purpose of serving the people they represent."

Colombia

Pastrana Supports Response to U.S. on de Greiff

PA0805012294 Santa Fe de Bogota EL TIEMPO in Spanish 4 May 94 p 11A

[Text] "The Colombia Government has replied to the U.S. State Department letter in accordance to its duty: to defend the honesty of the institutions and judicial authorities." Presidential candidate Andres Pastrana has made this statement as he expressed his support for the Colombian response to the 18 April U.S. letter questioning Prosecutor General Gustavo de Greiff's attitude.

Pastrana said: "It is worrisome that as policies of submission are enforced, certain self-confessed criminals tarnish the names of other parties and even the image of an entire country so as to have their sentences reduced for allegedly collaborating with authorities."

Pastrana also urged the two governments to reestablish the lines of communication, to normalize bilateral relations, and to reactivate the mechanisms of judicial collaboration to fight international drug trafficking.

Meanwhile, Pastrana reiterated his opposition to the legalization of drugs, saying: "Should Senator Kerry or any other U.S. authority have substantial information that will contribute to preventing drug trafficking from interfering with Colombian politics, he must say so immediately by providing the details he knows."

Ecuador

Defense Minister Reports Resignation of Army Chief

PA0705195594 Madrid EFE in Spanish 0154 GMT 6 May 94

[Text] Quito, 5 May (EFE)—Today, Ecuadoran Defense Minister General Jose Gallardo announced the resignation of Ecuadoran Army Commander General Edmundo Luna, who will be replaced by Gen. Victor Bayas, current Army chief of staff. Gallardo explained the change is part of a process of normal renewal in the Armed Forcues and denied that there is a dispute within that institution.

"Gen. Edmundo Luna has asked for a discharge and will be replaced in the next few days through the normal Armed Forces promotion process," Gallardo added. The defense minister concluded that Gen. Alfonso Alarcon, chief of the Armed Forces Joint Command, will also be replaced in the next few days. His successor will be appointed by President Sixto Duran-Ballen.

Paraguay

Drug Enforcement Chief Views Money Laundering

PY0905190094 Asuncion ABC COLOR in Spanish 9 May 94 p 93

[Text] Superintendent General Publio Fretes Fernandez, retired—head of the National Narcotics Directorate (Dinar)—has stated that Paraguay urgently needs a law to stop money laundering because drug money is being actively laundered in Paraguay. He announced that a bill will be submitted to Congress soon. "Money is being laundered on a regular basis in Paraguay. There is no other explanation for the ease with which so many people mysteriously invest money in our country," Fretes said. The high-ranking police officer explained that there is abundant and obvious evidence that a lot of money from doubtful sources openly circulates in Paraguay.

He added: "You can see the high-rise buildings, stadiums, and amphitheaters that have sprouted like mushrooms after rain in Asuncion and its suburbs. A lot of money is involved, a lot of investments."

He explained: "Even though Dinar does not have a law on which to act, it investigates to the extent possible. It would be impossible for those involved to identify any legal source for their capital. These are reliable signs that drug money is laundered in Paraguay."

The chief of Dinar added that since he took over the Police Investigative Department, he has noticed the swift and easy "circulation" of large amount of cash. "At the airport we frequently find people bringing in or taking out $800,000 or $900,000. Asked about the source of this money, they merely say it was taken it out of a bank. We can do nothing because we have no law to back

us up. These money amounts are bound to draw attention," the police officer explained when talking about the clues available to the drug enforcement police. Fretes added that his organization, which is under the jurisdiction of the National Antinarcotics Secretariat (Senad), is drawing up a bill which it will submit to Congress in due time.

Possible Fishing Agreement With Russia Viewed

PY0905183694 Asuncion NOTICIAS in Spanish 8 May 94 p 49

[Text] The Russian Federation and Paraguayan governments are taking steps to sign a bilateral or multilateral agreement on deep-sea fishing within the framework of an agreement on commercial and economic cooperation. It has yet to be decided which neighboring country, either Argentina or Brazil, may be selected, although the balance is tipped in favor of Argentina. Uruguay may also be included.

Reliable sources have said the preliminary negotiations initiated some months ago have been translated into a rough draft of an international agreement based on the UN Convention on Maritime Law.

It should be recalled that, pursuant to the agreement between Russia and Paraguay—the first of its kind—the parties have granted each other the status of most-favored nation while promoting economic bilateral cooperation in building, streamlining, and reconstructing mixed enterprises between both nations or within the Treaty of Asuncion or Mercosur [Common Market of the South]. The agreement also provides for the facilitation of the supply of equipment, technology transfer, and industrial cooperation.

All this was confirmed with the visit of Sergey Glazyev [name as published], Russian minister of foreign economic relations, to Argentina, Brazil, Paraguay, and Uruguay more than a year ago. His proposals have been enhanced by Yan Anastasyevich Burlyay, Russian ambassador to Argentina and concurrent ambassador to Paraguay.

His ideas produced a favorable response among Paraguayan ship owners, so much so that after discussions with the government at technical level, steps were taken to adopt the necessary international instruments to begin deep-sea fishing in the territorial waters of neighboring countries like Argentina and Brazil, and possibly Uruguay.

Official negotiations will be pursued within the framework of Articles 69 and 70 of the UN Convention on Maritime Law, which establishes landlocked countries' rights to deep-water fishing. Legislation and other background information have been collected in the aforementioned neighboring countries to assess whether this could be a cost-effective activity for Paraguayan ship owners or for joint ventures between Paraguay and other countries like Russia. This move also seeks to define the species of fish to be captured, and the marketing in Paraguay or other countries.

Peru

Prime Minister Signs Foreign Investment Accord With Italy

PY0605185394 Madrid EFE in Spanish 1842 GMT 5 May 94

[Report by Victoria Palant]

[Text] Rome, 5 May (EFE)—Peruvian Prime Minister Efrain Goldenberg today signed an "agreement to promote and protect foreign investments" with outgoing Italian Prime Minister Carlo Azeglio Ciampi.

Goldenberg arrived here on the night of 4 May on a private visit. He told EFE that the agreement "is highly significant" for his country, which is seeking to attract investors "not just in Europe, but worldwide." Earlier, Goldenberg visited Milan and Stockholm.

Peru has signed similar agreements with Switzerland, France, Sweden, Paraguay, Colombia, and Thailand; and it will soon sign another one with Spain.

Goldenberg said: "Peruvian laws do not discriminate between foreign and domestic capital; each receive equal guarantees. The Peruvian state does not reserve for itself areas of vital interest."

Goldenberg, who is both prime minister and foreign minister of Peru, cites as an example that "a Spanish company paid $2 billion for 35 percent of a now-privatized telephone company," adding: "Telecommunications are usually considered of vital interest."

Goldenberg added that an agreement signed with the Swedish Government will help to expedite mining exploitation in Peru.

Goldenberg said: "More mining deposits have been discovered in the past 18 months than in the entire history of the Republic and Swedish industries are very interested in supplying equipment and technology."

Goldenberg declined to comment on the ongoing investigations by Rome's prosecutor Vittorio Paraggio into alleged cases of corruption within the framework of Italian-Peruvian cooperation. He said that his tour primarily seeks to attract Swedish and Italian investors.

Goldenberg stated: "Foreign investment is productive; it produces quick results and it does not fuel inflation." He added: "Contrary to what many people believe, drug trafficking money—moral considerations aside—is harmful because it provides masses of money the country does not need."

Goldenberg said: "I did not come here to say that we do not have problems, because we do. It is important to report that last year the country grew by 7 percent and that during the first quarter of this year we have grown by an unprecedented 8.6 percent."

Noting that, during the five-year tenure of Alan Garcia, Peru "reached the worst level of hyperinflation ever

registered in world history: 2.2 million percent," Goldenberg said. He added that the current figures clearly show progress has been made because "in 1990, inflation stood at 7,650 percent; in 1991, at 150 percent; in 1992 at 70 percent; and in 1993, at 39 percent."

Goldenberg conceded that "unemployment is still high," but noted that government policy considers "jobs will be created through growth," that the state cannot bear the useless burden of public employees, and that "any job is a good job."

This afternoon Goldenberg addressed members of Confindustria, the association of Italian businessmen, within the framework of a seminar on the analysis of economic prospects offered by Peru to Italian investors. He told EFE: "Peruvian foreign currency reserves already exceed $3 billion."

Goldenberg noted: "In 1960 Peru exported 10 times as much as South Korea and carried much more weight in the world. It will take time, however, to regain the levels of production we achieved then."

In his opinion, all this is the result of "mistaken macroeconomic policies and ideas that have not worked anywhere in the world."

Goldenberg met this morning with Italian President Oscar Luigi Scalfaro. He will return to Peru tomorrow after a scheduled stopover in Costa Rica.

PCP To Support Perez de Cuellar Candidacy

PY0605232794 Lima LA REPUBLICA in Spanish 24 Apr 94 p 14

[Text] The Peruvian Communist Party [PCP], during the plenary session of its Central Committee, decided to support the possible presidential candidacy of Javier Perez de Cuellar, in an effort to unify the democratic, political, and social forces of the country based on a consensus program.

The possible candidacy of Perez de Cuellar was supported because it could open the path for the installation in the country of a democratic regime capable of ending dictatorship and effectively fighting poverty and unemployment.

The PCP, headed by Jorge del Prado and Secretary General Renan Raffo Munoz, said the current administration is trying to remain in government to continue a neoliberal policy that has eliminated social and economic rights, worsened the crisis, and run rampant over democratic institutions.

The 10th PCP Plenary Session also decided to hold the Ideological, Programmatic, and Organizational National Conference from 26 to 28 August in Ica.

The political programmatic guidelines to be debated include the "reestablishment of democratic institutions with the full enforcement of civil, political, and social freedom." It will also debate the democratization of the state, the main role of which should be the promotion and management of overall development through coordinated planning and the market; and the implementation of municipal and regional decentralization and autonomy.

Chilean MRTA Member 'May Be in Hiding' in Central Jungle

PY0705011794 Lima EXPRESO in Spanish 24 Apr 94 p A3

[Text] Huancayo—The dangerous Chilean terrorist "Rodrigo," who heads the so-called MRTA [Tupac Amaru Revolutionary Movement] Central Guerrilla Front (Junin, Pasco, and Huancavelica), may be in hiding in the central jungle area, according to Villa Perene authorities.

The dangerous terrorist is allegedly planning some terrorist actions to celebrate the fifth anniversary of the clash with security forces in Los Molinos, on 28 April 1989.

The spokesman added that a few days ago the Chilean participated in several attacks perpetrated in Pampa, Tigre, and Alto Celendin, in the central jungle in Chanchamayo.

The source added that in the meantime, a group of MRTA members is steadily moving toward the higher areas of southern Chanchamayo Province.

According to a source in the National Crime Investigative Directorate (Dinincri), the Chilean "Rodrigo" arrived in Peru in 1990 to learn and later on participate in MRTA criminal activities.

Once in Peru, the MRTA made him witness some attacks, such as the one perpetrated against the La Rosa Nautica restaurant in 1991.

Later on, following the orders of the third most powerful MRTA leader, Chilean terrorist Jaime Castillo Petrucci, aka Alfredo, Rodrigo started to take part in actions, because the MRTA knew that he had already participated in several acts of sabotage in Chile.

After participating in several actions, Rodrigo was made a member of the MRTA Abduction and Extortion Special Force headed by Petrucci and other Chilean terrorists. Rodrigo thus participated in the murder of businessman David Ballon Vera and Spanish citizen Carlos Manrique Acevedo, as well as the abduction of businessmen Hiraoka and Furokawa.

Illegal Coca Growing Reported in Utcubamba, Condorcanqui

PY0905154794 Lima EL COMERCIO in Spanish 25 Apr 94 p A16

[Text] Beside the serious problem created by the poppy cultivations found in various regions of Amazonas Department, thousands of hectares of illegal coca are being grown in other regions of this department, specifically in Utcubamba and Condorcanqui Provinces.

According to spokesmen of the Army 5th Jungle Infantry Division, which is headquartered in El Milagro, it is estimated that in those two provinces about 10,000 hectares of coca is being grown, much of it in full growth, while some has already been harvested.

"The case is worrisome. If no measures are taken, Condorcanqui and Utcubamba may become the new bastions of trafficking," said a high-ranking military officer. He revealed that one month ago a group of U.S. Embassy and DEA officials came to El Milagro base to verify this information.

He added: "They gathered information, offered aid, but so far nothing happened."

Coca is being grown in the mountains in zones which, by contrast with the Huallaga region, cannot be seen from a helicopter; they can only be reached by walking.

In Condorcanqui Province, the coca fields begin in El Muyo settlement (about four hours by car from Bagua Chica) and continue through Tutuberos, Montenegro, Soldado Oliva, Shunshunga, Nazareno, Yusabarranca, San Rafael, Mesones Muro, and Imazita.

All the settlements are alongside the Transversal de la Selva highway that parallels the Maranon River.

At the other extreme, in Utcubamba Province, the coca fields begin in Tiricon and continue through La Union, Tupac Amaru, El Paraiso, Yusubarranca, El Tambo, and end in Santa Maria de Nieva.

The 5th Jungle Infantry Division, which is headquartered in El Milagro, is trying to control trafficking in this zone even though their exclusive task is to watch over the border zone in the Condor mountain range.

Their sporadic operations are sometimes wasted, as verified by our reporters when, with a military patrol, they entered the jungle in Mirana Alta.

There, the soldiers discovered that the six coca maceration pits they destroyed one month ago were operating again. Even worse, they found coca already processed.

The work of the Interior Ministry and the police is practically null. Their personnel only go after people wanted for interrogation, or they investigate trafficking cases when the Army gets the means and the personnel, and invites them to go into the jungle.

And when they go, their work is unbelievable. There in the mountains they are exposed to the sun and the torrential rains.

Alamiro Bustamante, provincial assistant prosecutor of Bagua, said: "They should hear in Lima how they have to work. Truthfully, there is little we can do."

Jailed Shining Path Member Supports Peace Accord

PY0905203094 Lima Radio Programas del Peru Network in Spanish 1800 GMT 9 May 94

[Text] For the first time, a person charged with terrorist activities has been interviewed by Radio Programas del Peru in his cell in Cachiche Prison, in Ica.

Gregorio Uribe Guillen, who is serving his sentence in Cachiche Prison, said that the peace accord proposed by Abimael Guzman is not a strategy for Shining Path [SL] reorganization. Let us hear what he said:

[Begin recording] [Uribe] I wish to voice my resolute support for President Gonzalo's letters asking President Alberto Fujimori for negotiations to reach a peace accord. The fact that there are still acts of violence shows that the actions have still not stopped, and I think this would be the best thing for all concerned.

[Unidentified reporter] Is this to give you time to reorganize and resume your struggle against the state of law in a few years' time?

[Uribe] No. We are quite aware that this is not a strategy, but rather something that is necessary for the Peruvian people, for Peruvian society as a whole, to reach peace. It is not a matter of strategy but something that is necessary. [end recording]

Shining Path To Continue 'People's War'

PY0905222294 Lima LA REPUBLICA in Spanish 28 Apr 94 pp 19-21

["Exclusive" report by Angel Paez]

[Text] The Shining Path Central Committee, comprised of leaders who have still not been arrested and alternate members elected by the Shining Path congress in 1988, held a meeting in February that was presided over by Oscar Ramirez Durand, a.k.a. "Comrade Feliciano." During the meeting, the Shining Path Central Committee decided to continue the "people's war" and to consider those members who uphold the peace accord with the government to be removed from the party "by their own free will."

The document entitled "To Grow Strong on the Grounds of Partisan Unity and Conquer Power" [Reafirmarse en la Base de Unidad Partidaria y Construir la Conquesta del Power], which contains the conclusions of the Shining Path event, criticizes the leaders under arrest who try to convince the militants still operating to "uphold the great decision and definition," that is, Abimael Guzman's appeal for the Shining Path to end hostilities against the Peruvian state.

A Shining Path pamphlet dated February, which is signed by the leaders under arrest, asserts that "the people's war has ended, and (therefore) to continue refusing to uphold (the "great decision and definition") means obstructing the Peace Accord and placing the life of President Gonzalo and other comrades at stake."

But the Central Committee meeting in February disqualified the arrested leaders, stating that "it is an international communist rule that no leader can lead (the party or a war) from prison." According to the Maoist theory, a militant who is in prison loses his operational capacity when he is isolated from reality, and therefore is assigned another type of job.

In March, the National Counterterrorism Directorate [Dincote] learned about the Shining Path meeting, according to an intelligence report datelined 31 March that states it was held in Razuhuillca, Huanta Province, Ayacucho. As a result, Peruvian Air Force troops carried out operations in the aforementioned area during the second week of April. The operations, however, were unproductive.

Dincote also obtained information according to which "Feliciano" presided over the meeting, during which it was decided to start a new phase of the "people's war" as well as plan an operation to rescue Abimael Guzman, dead or alive, at any cost.

The five-point document issued at the end of the meeting is attached to lengthy citations of speeches by Abimael Guzman and documents signed by him that show why the war must not end.

The following is one of the citations chosen by the Shining Path Central Committee to uphold its decisions: "Always taking into account the glorious actions of the people's war, the people's war cannot end. The leadership may be wiped out completely or partially, but those leaders who are not must and can continue carrying out plans, the struggle, the people's war. We were taught that the revolution will not stop, will not become paralyzed." This was selected from the document entitled "To Conquer Power in the Midst of the People's War" that was drafted during the Second Shining Path Central Committee Plenum, when Guzman was still free.

The document even mentions what must be done with those who uphold peace and put down arms: "There are two reasons for surrendering: to surrender in view of local reaction and to surrender in view of international reaction. This is always the case. Its purpose is to ruin the revolution. Those who surrender, therefore, are no good, and must be wiped out through fire and bloodshed." (Preliminary Session of the Second Plenum).

The first of the five points discussed during the meeting refers to "reasserting" the agreements reached during the Third Central Committee Plenum, which was held in March 1992 and headed by Abimael Guzman Reinoso. This plenum was labeled "glorious, historic, and momentous" as it planned the terrible wave of violence unleashed by the Shining Path in July 1992.

During the 1992 partisan meeting, it was stated that during an adverse situation the party should draft "a new plan, taking into account the experience of the past years, establish new axes, sub-axes, guidelines, and lines of action with a nationwide criteria (...), seek new ways to develop and set up strategic military plans, and establish, for example, those objectives and carry them out on an established date."

It seems that the Third Central Committee Plenum's assessment of what was happening to the Shining Path was negative and, therefore, it was decided to unleash a fierce wave of violence in order to conceal the weaknesses of the Maoist organization.

The second point of the document of the Central Committee meeting presided over by "Feliciano" highlights the agreements of the Working Meeting of the Shining Path leadership held in August 1993, almost one year after Guzman was arrested, and during which the implementation of the agreements of the Third Plenum held in March 1992 was discussed.

During the working meeting, and in addition to approving the efforts to "step up investigations to determine the sanctions for those who are found responsible" for contributing to the arrest of Abimael Guzman, it was agreed, among other issues:
1. To defend the life of "President Gonzalo" by widely preaching our ideology, by showing great courage, placing even our lives at stake, by keeping our red and invincible flag flying high, and by pursuing our unwavering objective: communism."
2. To reassert the conclusions of the Third Central Committee Plenum (March 1992), "personally presided over by President Gonzalo, whose victorious appearance revealed its glorious, historic, and momentous nature; the second most important milestone after the congress (held in 1988)."
3. To reassert the three strategies: the political strategy: to conquer power; the military strategy: the people's war, to develop the war of movements and promote arrangements for the uprising of cities; and the construction strategy: to make arrangements to conquer power in the midst of the people's war.

Based on the conclusions of the Third Plenum and the Working Meeting, the Central Committee, during the meeting in February presided over by "Feliciano," reasserted "the principle of revolutionary violence as a universal law expressed in the people's war."

The third point discussed during the Central Committee meeting headed by "Feliciano" referred to the militants who uphold the peace accord. The document addresses this aspect of the internal debate as: "About the Struggle Against the Counterrevolutionary Hoax and the Black Group that upholds a Right-Wing Opportunist Line (LOD)."

In order to confront the Black Group or LOD, which are nothing but Shining Path militants who sign Abimael Guzman's letters and uphold his "great decision and definition" to negotiate with the government in order to end the war, the Central Committee demands that the militants "grow stronger on the Basis for Partisan Unity [Base de Unidad Partidaria, BUP]," which is the Shining Path basic principles adopted during the 1988 Congress, and "arrange for conquering power in the midst of the people's war."

The Central Committee Plenum that "Feliciano" presided over in order to break away from the Black Group orders the "unleashing of a massive reassertion movement based on the BUP throughout the party, the People's Liberation Army, and among the masses of the New Power."

The Central Committee uses several arguments to "urge the smashing of the counterrevolutionary nonsense and the misbegotten schemes of Yankee imperialism, the genocidal and traitorous dictatorship, and the Black Group:"

1. The agreements reached at the Third Plenum (March 1992) and the working meeting (August 1993) must be ratified because "facts have confirmed that the position established on those occasions toward the counterrevolutionary scheme was right and proper."

2. Abimael Guzman's letters to President Alberto Fujimori, the telephone conversation between Guzman and Javier Esparza Marquez (Guzman's brother-in-law, who is in charge of Shining Path's organization abroad), and the communiques released by Shining Path prisoners "are a counterrevolutionary scheme concocted by Yankee imperialists and the genocidal and traitorous dictatorship with the sinister help of the Black Group," the Central Committee concluded at its February meeting. It added: "The short-term objective of this scheme is to win the elections, prevent the commemoration of (Mao's) centennial in December 1994, and cover up the La Cantuta affair, but the final goal is to annihilate the people's war and move ahead with their plan to murder President Gonzalo."

The Central Committee does acknowledge Guzman as its leader, and gives him credit for the ideology he devised, the so-called "Gonzalo's Thoughts," but now he is considered to be a merely decorative figure because neither the party nor the war can be led from a cell, especially when the leader is kept incommunicado and his contacts with the outside world must go through government officials.

3. The Black Group is made up of "infiltrators, traitors, weaklings, and old revisionists, linked directly to reactionaries," meaning Osman Morote, Elena Iparraguire, Maria Pantoja, Martha Huatay, Edmundo Cox, and others who are in touch with government representatives and prison officials.

4. The activities of the Black Group "go against the conclusions of the Marxist-Leninist-Maoist-Gonzalo's Thoughts First Congress (1988), the BUP, the leadership, the party, and the people's war, which means that its members have voluntarily strayed from the party."

This clearly means that the negotiators of the peace agreement no longer belong to the Shining Path because their actions openly violate the agreements, resolutions, and decisions reached at party meetings such as the Third Plenum and the Working Meeting. Thus, they do not represent the ideology of the Peruvian Communist Party-Shining Path. Furthermore:

5. "Actions that go against principles cannot be accepted" because "it is an international communist rule that the leadership (of the party and the war) cannot be exercised from prison," and because "monstrosities like the 'peace accord'(...) clash with our principles."

The Central Committee meeting that "Feliciano" presided over clearly defined its position toward Abimael Guzman Reinoso, whose ideological contribution to the people's war, called "Gonzalo's Thoughts," was acknowledged. Gonzalo's "leadership" was also accepted but, as he is operationally restricted, he cannot lead the party anymore.

Guzman and the leaders who support his decision to hold talks with the administration signed a communique that was released in March. This communique "warned against" and "denounced" the reports of "Feliciano's" Central Committee, which decided to go on with the war.

This communique stated: "They are trying to separate 'Gonzalo's Thoughts' from 'President Gonzalo' the person. Under the guise of defending the party, they are undermining it and its leadership so as to bring about its defeat, by using empty rhetoric to disguise their partisan, opportunistic, and personal interests and ambitions, and by taking a blind, biased, subjective, and superficial approach to concrete reality. (...) We urge the eradication of these leftist ideas of military extraction."

The communique emphasized the decision to put an end to the people's war: "The people's war is over. To continue it means sabotaging the peace agreement. We warn our members against militaristic and revisionist approaches, and urge them to keep their eyes open to unmask this or any other scheme."

Guzman's call upon the militants in action to "abide" by the decision to hold talks with the administration in order to stop the war, and to fight those who disagree with this decision, is persistent: "Once again we warn the militants to be on guard against any desperate action, adventure, or provocation from third parties, because the goal of all this is to scuttle the proposed peace agreement. Such actions must be prevented to the extent possible, and immediately and categorically criticized."

Meanwhile, the Central Committee has acknowledged "Gonzalo's Thoughts" as the ideological basis for the "people's war," Guzman Reinoso's "leadership" and his inability to lead the party and the war from prison, and has decided to reorganize the Shining Path machine to launch a new stage of the war without Guzman.

The Dincote report lists the steps that "Feliciano's" followers are taking to carry out actions that would put Shining Path back in the political picture. The report states that the Shining Path is expected "to carry out isolated actions at key targets in order to demonstrate its operational capacity."

Intelligence agents believe that the most likely targets are "financial companies, banks, stores, and industries, in order to sow confusion among local and foreign investors."

Other likely targets are "soon-to-be-privatized public energy and mining companies, the embassies of countries whose citizens are purchasing Peruvian companies, and the interests that these countries already have in Peru. Government politicians and high-ranking members of the forces of order are also among the main targets. In this case the objective is to obtain the freedom of Abimael Guzman Reinoso."

The counterterrorism police believe that the Shining Path "urgently needs to demonstrate its power in order to get out of its current defensive position." Dincote's intelligence reports adds that the internal strife in the Shining Path has reached the level of killings among militants, so it is likely that there will be a "settling of accounts." Shining Path members believe that surrender deserves capital punishment.

The Dincote report, which confirmed that "Feliciano" presided over a Shining Path Central Committee meeting somewhere in Razuillca, added that it has been decided to "rescue Abimael Guzman Reinoso, dead or alive." The report explains that "Israeli experts in hostage rescue and underwater operations (demolition) have been hired for this purpose."

The Shining Path also considered the possibility of winning over Peruvian security forces personnel "so as to attract new members, including Armed Forces Special Operations personnel."

The 21-page police report labeled Dincote-EM-2-Lima provides a detailed analysis of the behavior of the Shining Path and the Tupac Amaru Revolutionary Movement throughout the country.

According to "Feliciano" and his followers, Guzman Reinoso has fallen prey to a plot designed to murder him. "Feliciano" claims that the "forged letters" sent to President Alberto Fujimori, the communiques supporting the peace agreement signed by Shining Path prisoners in Canto Grande, Chorrillos, and Yanamayo, and the statements and gestures of Osman Morote Barionuevo and Edmundo Cox Beuzeville are all part of this plot. As far as "Feliciano" is concerned, rescuing Guzman Reinoso, dead or alive, is just a symbolic gesture in any case.

Health Strike Ends; Hospitals Resume Services

PY1005011894 Madrid EFE in Spanish 1522 GMT 6 May 94

[Text] Lima, 6 May (EFE)—State hospital services returned to normal today following the 72-hour national strike. The 55,000 mobilized health workers, however, threatened to stage an indefinite strike if their salary demands are not met.

The health minister said that only 30 percent of all health workers participated in the strike. Workers' leaders, however, claimed that the percentage of participating strikers was larger. Services at hospital outpatient clinics dropped substantially during the three-day strike.

Workers rejected the recent salary increase granted by the government, characterizing it as "miserable." Health Minister Jaime Freundt-Thurne said the state does not have any money for new salary increases.

Health workers earn an average salary of less than $150 per month. They criticized the minister for refusing to negotiate with their union, and threatened to stage an indefinite strike.

Uruguay

Proposal Made To Hold Plebiscite Along With Elections

PY0605155594 Montevideo EL OBSERVADOR ECONOMICO in Spanish 29 Apr 94 p 1

[Text] With the approval of two-fifths of Congress, 52 legislators from the National [Blanco] Party, the Radical Battleist Ticket No. 15 [Battlismo Radical Lista 15], and the Colorado and Battleist Union (UCB) will promote in early May a constitutional reform project that will be subjected to a plebiscite along with the national elections scheduled for November.

Congressional sources told EL OBSERVADOR ECONOMICO that this proposal also is allegedly approved by legislators of the Party of the Government by the People, who disapprove of the agreement with the Battleist Forum.

The main proposal reportedly approves multiparty votes [voto cruzado], involving the election of a presidential candidate from a party and a mayor from another party.

Ruling Party Faction Leader Santoro Resigns

PY0605185094 Montevideo EL PAIS in Spanish 28 Apr 94 p 8

[Excerpt] After a meeting with President Luis Alberto Lacalle at the Libertad building, Senator Walter Santoro yesterday morning resigned as president of the executive board of the Herreraist faction. Lacalle demanded a political definition from Santoro, who said he supports the presidential candidacy of Dr. Alberto Volonte.

Santoro spoke to CX-8 Radio Sarandi shortly after the meeting. He said he had been summoned by the president who, in his capacity as leader of the Herreraist sector, wanted to know Santoro's choice among the presidential candidates. The president mentioned the two alternatives (Juan Andres Ramirez or Alberto Volonte).

Santoro said he informed Lacalle that his choice was Volonte.

The Canelones Herreraist leader was then asked if this involves "a departure." He replied that he always considered Lacalle the true leader of the Herreraist faction,

and that for this reason he also resigned the presidency of the Herreraist executive board.

As for his political future, Santoro said he has for a long time been in touch with Volonte, adding: "I practically created his political position: I discovered him, I urged him, and now I have the satisfaction of seeing the level to which he has risen."

He said: "I have no problem in supporting his candidacy."

As to the chances that the candidacy of Volonte might have outside the Herreraist sector, he said the answer will come with time. "We have so far maintained our party activities and our work for presidential candidates within the Herreraist faction, and we have never conversed with anyone outside this faction," he added.

"We have always tried to resolve the issue within the Herreraist faction, to which we have always belonged and in which we remain, because we believe that Herreraism goes beyond merely electoral matters or personal positions," Santoro explained.

He concluded: "We maintain that Volonte is a Herreraist candidate and that we remain Herreraist faction members." [passage omitted]

Army Commander in Chief Interviewed

PY1005010094 Montevideo LA MANANA in Spanish 2 May 94 pp 6-7

[Report on "exclusive" interview with Lieutenant General Daniel Garcia, Army commander in chief, by unidentified LA MANANA reporter; place and date not given]

[Excerpts]

The Armed Forces as Guarantee and Support for the People

We find ourselves in a presidential year, said Lt. Gen. Daniel Garcia, and as such the national Army is concerned with providing for the country the guarantees and institutional tranquility that will truly support the normal development of the elections that are to take place in a few months.

This is a cause for concern for us, he noted, because we want to make it clear that the Army's support is a guarantee that the elections will take place in total and absolute calm. He stated that in this way the handing over of power will take place without mishaps.

Chain of Command Reestablished

Lt. Gen. Garcia imposed a new kind of clarity in the handling of the institution from the very first moment he took control. He redefined the officers' internal relations due to their tendency to deliberate. Garcia said that perhaps that attitude still existed because some "nostalgic officers continued to think as they did during the past military process."

In an exclusive interview with LA MANANA, Garcia discussed various social and political topics and the country's foreign relations.

Absolute Calm in the Armed Forces

The economic situation affecting the country, as well as an Armed Forces internal reorganization imposed by the executive branch, has affected all the components in one way or another. The general said that there is absolute calm regarding this rather acute situation.

Regarding the common characterization of the Armed Forces as "a family," Garcia said that the definition was an oversimplification, and had be analyzed from two different levels.

The definition of a military family is too all-encompassing, and people might think it includes the "retired" personnel. The issue is much more complex and serious if we include them in the definition. The Army commander in chief is responsible exclusively for those "on duty," Garcia said.

"We certainly have economic needs, just as any other group in the country, but we are optimists. We think the situation of the country will improve, Army needs will be met, and our situation compared to the rest of society will improve," Garcia said.

Armed Forces Reorganization

Regarding what has been called the new Army structure, Garcia said: I personally think the term is too explosive. People might think the reorganization implies a total destruction of present structures in order to create new ones." [no beginning quotation marks as published]

"I say our work is to adapt, 'update' [preceding word in Italian] present Army structures to adapt it to new conditions. We must try to make it more functional and efficient. We must make it more responsive to the new cultural, technological, scientific, political, and social development of the world, the region, and the country. This has prompted us to propose and implement a series of gradual changes day after day. We have tried to reach conclusions on the elements we must change in order to make the institution more efficient at a time of responding to the demands of the new times in which we are living."

Armed Forces Position Same as Government's

The Army in particular, as well as the other two armed branches, have participated in regional and world conferences to analyze changes in the new world political geography. Some of these changes reflect the intentions of some of the large world powers to participate in combined operations to repress drugs and terrorism. Some of these changes also imply dropping the "traditional Army" concept, which in Latin America stems from colonial times.

Garcia was very clear about this problem. He said that the issue of collective forces, even within Mercosur [Common Market of the South], has been discussed in international forums.

"Our country's policy has been very clearly established by the president," Garcia noted. [passage omitted]

"We have maintained the traditional Uruguayan position of not participating in or encouraging the creation of inter-American forces. That is a national foreign policy position. We think this is not really what all countries want at this time, particularly because of our regional resources' degree of development," Garcia said.

Fight Against Drugs and Terrorism

We think police forces should be responsible for fighting drugs and terrorism. This is in accordance with our countries' internal order. We believe that to commit the Armed Forces as institutions to fighting these kinds of activities, before the bodies specifically created by the states for these functions are overwhelmed, is hasty and inappropriate for the development of the specific responsibilities that have been assigned to the armies. We maintain, however, a careful watch on those types of activities, in the sense that we continue to study the information available on those areas, and continue to plan for possible Army participation in the task, in the given case that the national government decides that we should intervene.

Increased Armed Forces Participation in UN Peace Missions

Regarding our Armed Forces's future participation in UN-sponsored peacekeeping missions and the Armed Forces institutional responsibility to ensure the continuation of scientific research in the Antarctic, Gen. Garcia said our institutional participation is increasingly active and direct.

"These Armed Forces activities are part of our country's foreign policy. This small country is very dependent on world peace and order to guarantee its own peace. We think that our contribution to the United Nations for maintaining peace in other areas of the world contributes to preserving our internal order, and benefits us in our desire to prosper in peace," Garcia said. [passage omitted]

Armed Forces Will Respect Election Results

Regarding the possibility of unexpected electoral results, Gen. Garcia clearly erased any doubts with respect to the Armed Forces' position: He categorically ruled out any position different from that which is established in the Constitution and the law.

"At present I do not see any reason to think that the Army will do anything else but strictly abide by the Constitution and the law," Garcia stressed.

In accordance with this strong affirmation, Garcia said that the Armed Forces, and particularly the Army, is absolutely calm, even though the present economic situation affects all social groups and the Armed Forces must be completely dedicated and cannot maintain other sources of income. [passage omitted]

Venezuela

Minister Explains Impact of Dollar Auction, Denies Controls

PA0605180994 Caracas Union Radio Network in Spanish 1100 GMT 6 May 94

[From the "180 Minutes of News" newscast]

[Text] Finance Minister Julio Sosa Rodriguez has said some of the additional resources the state is receiving in bolivares from the oversupply of dollars could be earmarked for servicing the foreign debt. Lucy Faustino filed this report from Miraflores Palace:

[Begin recording] [Faustino] After confirming no changes to the 1994 budget are expected as a result of the new value of the dollar, Minister Julio Sosa Rodriguez explained that the inorganic money [dinero inorganico] generated by the devaluation of our currency will contribute precisely to pay part of the budget because, he recalled, the debt service has been calculated in dollars.

Upon returning from his visit to the United States, the finance minister indicated the mechanism for auctioning dollars is convenient, adding that it must not be mistaken for imposing exchange controls.

[Sosa] The very word auction means there are no controls. I understand that auction means one person says two, I say three, another person says three and one-half. To me that's not control. Imposing controls would be for me to fix the exchange rate at, say, two, and that would be that.

[Faustino] Julio Sosa Rodriguez also indicated that this mechanism for auctioning dollars, which replaces the mini-devaluations, will be permanent as long as the Central Bank of Venezuela deems it appropriate.

Finance Minister Julio Sosa Rodriguez announced that the Central Bank's decision to auction dollars could remain in force for at least one year. Sosa Rodriguez reiterated that no exchange controls have been proposed because such economic measures are not part of the government's economic plan.

The finance minister termed as unfounded fears the rumors that a black market for foreign exchange would emerge because of the decision to auction dollars. Sosa explained that all national sector must have confidence in the financial system. The finance minister also asserted that it is absolutely false that the government is studying a plan to levy a tax on the sale of foreign currency. [end recording]

Deputies Debate Proposals for Addressing Drug Problems

PA0705133394 Caracas EL NACIONAL in Spanish 5 May 94 p D-2

[By Milagros Duran]

[Text] Deputy Julio Montoya (MAS) [Movement Toward Socialism], vice president of the Drug Committee, said Congress must reach a consensus on the drug trafficking and money laundering problem, because Venezuela cannot continue to sit back and do nothing while the drug cartels carry out their assaults both abroad and at home.

Montoya warned yesterday of plans by the agents of drug traffickers to free members of the Grecian-Latin Connection whose cases are being handled by a judge in Sucre State.

Montoya also spoke about drug trafficking operations in various parts of the world such as Operation Polar, which is related to drug trafficking, and Operation Rainbow, which is related to money laundering.

He said that according to a Disip [Directorate of Intelligence and Prevention Services] report, more than 300 tons of cocaine will leave the country's ports and airports in the coming days; thus our authorities must be on alert.

Deputies Julio Montoya and Julio Elias Mayaudon (National Convergence) announced their support for Judge Mildred Camero [not further identified].

Montoya also commented on a ruling by Luis Contreras Pernia, judge of the Third Superior Court of Tachira, to release certain people allegedly linked to drug trafficking.

"This is a narco-loving judge. According to information available to us, he has a history of ruling in favor of drug traffickers."

Legislators will vote today on the proposals made by various political blocs during this week's debates in the Chamber of Deputies on drug trafficking and money laundering.

The numerous proposals range from the most controversial one, presented by Deputy Lindolfo Contreras, to legalize drugs in Venezuela to others presented by Deputy Luis Emilio Rondon, president of the Committee against Improper Drug Use, which include the creation of a narcotics police force and a permanent chair on basic, intermediate, and diversified education with emphasis on the struggle against this scourge and on preventive measures.

During the debates, most legislators referred to the case of Tachira Judge Luis Contreras Pernia as a "blow dealt by drug traffickers" to which the authorities and the entire country must respond.

Another much debated issue is drug legalization, which has its supporters and opponents. Most legislators think that other actions to stop drug trafficking in general must be considered before drug consumption is legalized in Venezuela.

Court Judge Denounces Infiltration of Drug Trafficking

PA0805015394 Madrid EFE in Spanish 1749 GMT 4 May 94

[Text] Caracas, 4 May (EFE)—Commenting on a court decision acquitting 32 presumed drug traffickers, Judge Mildred Camero denounced on 4 May that drug trafficking has infiltrated all levels of the Venezuelan judicial branch.

Camero, judge of the Second Trial Court, said the judicial branch has lost credibility in Venezuela.

"Drug trafficking is everywhere and is increasingly corrupting those institutions that were once untouchable. We must adopt a firm position on the drug problem," she said.

Camero said there is money laundering and the legalization of drug-related capital in Venezuela. She added there seems to be a heavy flow of money into the country, but a high rate of poverty prevails, because a false economy is what really exists.

Camero had issued arrest warrants against 32 presumed drug traffickers, including Rafael Alcantara, president of the exchange house "Cavelba," who spent four and one-half months in prison for alleged money laundering. Alcantara was acquitted yesterday by Judge Luis Contreras Ramirez of the Second Trial Court.

Alcantara said he will sue Camero for abuse of authority and the huge losses he incurred when he had to close his business.

Caldera Swears In Industry Commission

PA0805193194 Caracas EL UNIVERSAL in Spanish 5 May 94 p A-14

[Text] Yesterday, when swearing in the Presidential Commission for Industrial Policy, President Rafael Caldera said the creation of this panel is evidence of the executive branch's awareness that it is urgent to plan and implement an industrialization policy capable of meeting the new challenges of the world's economy.

Luis Eduardo Paul Bello, Simon Nobile Olivo, Lino Clemente, Eduardo Gomez Sigala, Pedro Carmona Estanga, Phillip Erard, and Lopez Mendoza are the members appointed by the Presidency of the Republic. The other members are Agriculture Minister Ciro Fonseca Anez; Labor Minister Juan Nepomuceno Garrido Mendoza; Alberto Poletto of the Foreign Trade Institute; Abdon Vivas Teran of the Investments Fund; Policarpo Rodriguez, vice president of Finexpo [expansion unknown]; Ignacio Avalos Gutierrez, president of Conicit [expansion unknown]; Francisco Layrisse, of the

Venezuelan Guayana Corporation; Luis Giusti, president of Venezuelan Petroleum; Angel Gutierrez, president of the Federation of Industries; Jorge Redmond of the Venezuelan Council of Industry; Berend Roosen of the National Council of Commerce and Services; and Hans Neumann.

President Caldera said: The opening of trade, as well as the nation's commitments to international organizations, conditions established by the Andean Pact, and other circumstances, constitute a challenge Venezuela must overcome with basis on competitiveness and ability.

With the creation of this commission we want to make evident the commitment the government has made to the country with regard to the future of the Venezuelan economy and also to open roads for intense and effective cooperation between the public and private sectors. We have invited representatives from the private sector to share with us this great responsibility. Its representation in this commission will be a permanent driving force and provide encouragement so that the goals that have led us to the creation of this important commission may be satisfactorily reached.

At this time I would like to express my special thanks to the representatives of the private sector who have accepted this task. This is a commitment with Venezuela, and the government understands it as such. Therefore, it feels obliged to publicly express its recognition of those who have decided to take part in the efforts we have undertaken to benefit our people.

After addressing several issues that had previously been discussed on numerous occasions during the government's first three months in office, Minister Ciro Anez Fonseca listed several basic points of his agricultural policy:

- Legal security in all of its forms regarding the agricultural sector;
- Heightened production and productivity;
- Incentives for farmers, livestock breeders, fishing, and lumber workers, using all resources available to the ministry;
- Guarantees that the local market will be reserved for local production only, while respecting agreements such as GATT, the Andean Pact, and other entities with whom we have signed similar multilateral agreements;
- Radical changes in domestic agricultural marketing policies to bring producers and consumers closer for their mutual benefit;
- Broad support for agricultural exports;
- Defining priority agricultural items and crop zoning strategies directed at diversification and increased productivity;
- And the inclusion of new technology, such as biotechnology, minimal labor techniques, and organic farming.

A compulsory agricultural insurance system will be established. Education and training programs will be mainly based on new productive structures. The transfer and application of technology, particularly crop extension methods, will be based on scientific and practical results provided by Fonalap [expansion unknown]. Fonalap will also be the subject of a complete revision.

Some small-scale farmers are complaining about the agreements reached with the banks. I want to point out something, however, with regard to the small producers who receive special treatment from the Institute of Agriculture Credit. They are not being hurt by the problem because they continue to receive the benefits of financial facilities; there are no problems there. The problem lies with the medium-sized farmers—the medium-sized producers—and not with the large producers who have guaranteed finances. There is a large number of farmers who are not adversely affected by the financial and refinancing problem. I would say that only about 20 percent are severely affected.

Economic Turbulence

Development Minister Luis Carlos Palacios referred to the commitment to social unity. He said: Today, we are experiencing economic turbulence caused by special circumstances in which there are imbalances in the monetary and foreign exchange sectors. It is obvious that these imbalances and higher currency prices have a bearing on imports required by the the nation's producers. Overall, the nation's producers import about 30 percent of their production-related supplies. This is a cost that in some way is reflected in the prices. In this regard, I would say this does not go against the national agreement, and even though we have this problem, the national agreement must be advanced. That national agreement outlines what can be done when there is instability, which is different from what can be done when there is more stability and balance.

At the same time, significant efforts are being made in the productive sectors to prevent prices from rising above levels that can reasonably result from increased costs of imports at a higher rate of exchange.

In response to a reporter's question, Labor Minister Juan Nepomuceno Garrido said judicial branch workers had agreed to work toward reconciliation. Yesterday, he noted, the Labor Ministry had accepted the controversial list of petitions while the Board of Conciliation is being organized. The minister added: The 120-hour deadline will be over at the beginning of next week, and we have agreed to continue providing essential justice services. This is something that should be highlighted, because strikes should not be designed to do harm; instead, they are to pressure employers to take certain measures.

The labor minister recalled that the workers are not demanding better salaries as such; rather, they want what they were granted by a court decision late last year to be upgraded. When reporters told the minister that the CTV [Confederation of Venezuelan Workers] had appealed to the court for salary increases to be taken into account in the benefits, he replied smiling: "This has about as much chance as a snowball in hell."

President Caldera will travel to Margarita on Saturday to attend the closing of the Venezuelan Press Association's conference in the province. This will be at 1900.

Transportation Strike Leaves Caracas 'Paralyzed'

PA0905154294 Caracas Union Radio Network in Spanish 1100 GMT 9 May 94

[From the "180 Minutes of News" newscast]

[Text] The transportation strike is in effect throughout the metropolitan areas of Caracas, Sucre District, and Carabobo State. In terms of Caracas, the city is paralyzed. The strike was called because the government owes transportation workers student fare subsidies but has failed to pay, despite an earlier announcement that the payments will be made.

Passenger buses and cabs shut their engines off last night. The government has warned it will crack down on any public disorder. Interior Minister Ramon Escovar Salom addressed the nation last night and called on students not to be influenced by the professional agitators taking advantage of the transportation strike. The government, through the Interior Ministry, called today's transportation strike illegal and urged reflection on the situation. The minister also said the transportation strike is unfounded. He said the government has the funds to pay the subsidy on preferential student bus fares, which is the reason behind the call for the strike.

[Begin Escovar recording] A strike like this affects the poorer sectors of the population and harms the general interest of the community. Therefore, it is an affront against the nation's basic interests, which the government is obliged to defend as established by the Constitution and the law. [end recording]

Minister Escovar Salom reminded the transportation workers that routes and permits are granted by the government and must be used to serve the public and not personal interest.

Transportation Union Leader Interviewed on Strike

PA0905171894 Caracas Union Radio Network in Spanish 1100 GMT 9 May 94

[Interview with Simon Ladera, head of the Union of Small Transportation Vans and Buses of Venezuela, by "180 Minutes of News" reporter Maria Acorte at union headquarters in Caracas; from the "Union Radio News" newscast—live]

[Text] [Acorte] What is your opinion of the transportation strike so far? Did the bus lines you called to strike respond?

[Ladera] Up until now, all bus lines affiliated with the union have complied with the union mandate. One must acknowledge when the workers are right. We have said that the government owes us money and that the government has to pay.

[Acorte] What is the amount the national government must pay for the special student bus rates?

[Ladera] The government owes us 300 million bolivars. It owes the rest of the nation's transportation sector approximately 3 billion bolivars. This amount was due by May. By July the subsidization system should be changed. It is sad that the deputy transportation and communications ministers say there is corruption [words indistinct]. One asks: How can there be corruption on the outside without corruption on the inside? So, to avoid this problem, and for the students and transportation workers to be happy, we should change the subsidization system that expires on 31 July.

[Acorte] Last night, in a news conference, Foreign Relations Minister Ramon Escovar Salom, national government spokesman, announced the government already has enough funds to pay the money owed for the special student bus rate—the subsidy. Did you receive any notice to suspend the strike?

[Ladera] We have not received any notice. I also heard the foreign minister. I also want to say publicly that this strike is not fostered by any political motive. I know Dr. Caldera very well. I am a great admirer of Dr. Caldera. Therefore, there is no political issue here; this is not what is prompting this action. We are motivated by a desire to avoid problems in today's Venezuela.

I also want to tell the students that their bus rate will not change and that we will not refuse them transportation, regardless of whether or not the government pays us. Therefore, the students do not have to protest, because the student bus rate has not....[pauses] If there are irregularities, if a driver refuses to transport a student, please report him. However, we do not want to give the impression that we are protesting because of the special student bus rate.

[Acorte] In your opinion, what is needed to end the strike? Would it be the cash payment of the money owed, or would you accept government vouchers?

[Ladera] We are not going to accept vouchers. If the government has the money, it should pay the workers, either by check or in cash, whichever it prefers. We can accept the payment in installments—whatever the government wants. No matter what, we want our payment.

Students Demonstrate in Downtown Caracas, Burn Vehicle

PA0905204794 Paris AFP in Spanish 2014 GMT 9 May 94

[Text] Caracas, 9 May (AFP)—University students staged flash demonstrations at noon today in downtown Caracas and burned a vehicle distributing office paper, according to Judicial Technical Police (PTJ) officers. Police said the university group was protesting a decision by transportation workers not to honor bus rates for students.

Despite a vast police deployment along the streets of the capital in the wake of a strike by 35,000 drivers, demonstrators from the National University of Venezuela

(UCV) marched to the entrance of Venezuela Plaza. After briefly blocking traffic, they closed in on the delivery vehicle and forced its occupants to get out. After that, they set the vehicle ablaze and fled.

Student protests erupted last Thursday when students from Fermin Toro High School staged major disturbances near Miraflores presidential palace, which ended with the death of student German Sotillo.

Transportation Strike Ends

PA0905235394 Caracas Radio Nacional de Venezuela Canal Clasico Network in Spanish 2200 GMT 9 May 94

[From "The National Newscast"]

A partial transportation sector strike in Caracas was resolved this afternoon. [Words indistinct] once a meeting with the top transportation and communications authorities. In the country there is a climate of social unrest and dissatisfaction resulting from the economic crisis, said Government Minister Ramon Escovar Salom at the presidential building. He said that, despite the partial transportation sector strike, there is calm in the country.

[Begin Escovar recording] The people are fed up with the interruption of normal life in Venezuelan cities. The people want peace, calm, and work. They want to be able to work in peace. Hence, all movements aimed at stopping normal activities in the country are doomed to fail sooner or later. The people repudiate these alterations of public order. And this will be clearly demonstrated in a few days. The government enjoys the nation's trust because strikes will not resolve the current difficulties. These interruptions only aggravate the economic crisis and prevent the country from concentrating its resources to overcome the crisis. Those who can aggravate the crisis can declare strikes but they are resisted by the country's majority. This is what I have to say today. The reports I have received is that the country is calm. [end recording]

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